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NEWS SUMMARY

GENERAL

Thatcher's image dented by Regan

U.S. Treasury Secretary Donald Regan spoilt the harmony of Mrs. Thatcher's official visit by telling a Congressional committee she had failed to control money supply, had not cut taxes as promised, and gives too much money to industry.

President Reagan and Mrs. Thatcher had earlier said their countries stood "side by side" in a common fight for freedom and against terrorism. Back Page.

Democratic Congressman Mario Biaggi said 38 Congressmen have asked the President not to lift an embargo on arms sales to the Royal Ulster Constabulary.

Armada arrest

General Alfonso Armada, Spain's Deputy Army Chief of Staff, was placed under house arrest. Duke Suarez, Page 3

Mrs. Bhutto held

Police detained Mrs. Nusrat Bhutto, widow of executed Pakistani Prime Minister Zulfikar Ali Bhutto, and six other leading politicians. Page 4

Chile protest

The United Nations Human Rights Commission condemned Chile's military Government by 22 votes to 17. Britain abstained.

New Iran delay

Three British Anglicans released from Iranian jails missed the only plane out of Tehran. No explanation was given.

OK for CB

Citizens' Band radio won Government approval, and legal transmissions may begin in the autumn, Page 8

Test cricket row

Sports Minister Hector Monro backed the England cricket authorities' right to select Robin Jackman for the tour of West Indies in spite of Guyanan misgivings about his South African coaching activities.

TV's Sandy dies

Crossroads actor Roger Tonge, 35, who played Sandy Richardson, died of Hodgkin's disease.

'Cheaper' spirits

The inflation-adjusted price of wines and spirits has fallen 37 per cent since 1969, Chief Treasury Secretary Leon Brittan told the Commons. Cigarettes are "down" 24 per cent, beer 2.5 per cent.

Jumbo holed

A thunderbolt smashed a two-foot hole in the nosecone of a British Airways Boeing 747 carrying 202 passengers from Los Angeles to London. The plane landed safely.

It's a dog's life

An average 4,250 postmen were bitten by dogs in each of the last three years, Labour MP Chares Morris told the British Telecommunications Bill committee in the House of Commons.

Briefly...

Bernadette McAliskey—former Ulster MP Bernadette Devlin—has left hospital after recovering from gunshot wounds.

Death toll from Tuesday's earthquake in southern Greece rose to 18.

World's tallest man, 8 ft 2 in Don Koehler, died in Illinois aged 55.

Top scientists joined a campaign against chemical weapons. Page 9

Ecuador and Peru agreed a demilitarised border zone.

Strikes spread throughout New Zealand in protest at arrests of pickets.

BUSINESS

Gold off by \$8; £ and \$ firmer

● DOLLAR rose to DM 2.1140 (DM 2.1060). Its trade-weighted index rose to 99.9 (99.6). Page 30

● STERLING was firmer against European currencies, but eased 25 points against the dollar to \$2.2260. Its trade-weighted index rose 99.3 (99.2). Page 30

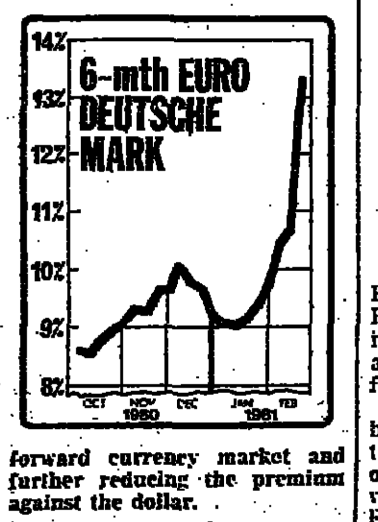
● GOLD continued to weaken, falling \$8 to \$491.5. Page 30

● EQUITIES suffered a sharp downturn on ICI's dividend cut, but the FT 30-share index closed only 4.2 down at 497.8 after a loss of 10.4 at 2 pm. Page 36

● GILTS were relatively calm. The Government Securities index shed 0.08 to 69.26. Page 36

● WALL STREET was up 7.69 to 962.09 near the close. Page 34

● EUROMARK rates were very firm, keeping the D-mark at a discount against sterling in the forward currency market and further reducing the premium against the dollar.



● RAILWAY investment programme approval is expected soon. Back Page

● ANGLO AMERICAN, the South African mining group, restructured its international investments to create a major vehicle for foreign acquisitions. Back Page: Page 26

● THYSSEN Rheinstal Technik of West Germany and Pullman Kellogg of the U.S. have in principle won the contract to build a \$1bn chemicals plant for Pertamina, the Indonesian state oil company. Back Page

● EUROCREDIT of \$2bn being arranged by Bankers Trust for earthquake reconstruction work in Italy seems likely to be halved because of poor market reception. Back Page; Page 27

● BP will today make out a cheque to the Inland Revenue for about £850m in respect of Petroleum Revenue Tax. Page 8

● INTERLEK of California, one of the world's largest assemblers of integrated circuits, proposed a plant near Livingston to the Scottish Development Association

● UK EXPORTS to Iraq are increasing rapidly in spite of Iraq's war with Iran. In January, they totalled £44m, double the 1980 figure for the same month. Page 6

● MASSEY-FERGUSON, the Canadian farm machinery company rescued by Government support, reported a first quarter loss slightly lower than expected at U.S.\$81.4m. Page 27

● PLESSEY reported pre-tax profits up 71 per cent to £60.66m for the nine months to end December. Page 22; Lex, Back Page

● AI INDUSTRIAL Products, the technical ceramic and metal products group, reported pre-tax losses up from £115,000 to £907,000 for the year to end December. Page 25

● BROWN BROTHERS, the motor accessories distributor, reported pre-tax profits down from £1.85m to £153,000 in the half-year to end December. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bluebird Confectry.	68	+ 10
Brown and Jackson	94	+ 11
Burton	125	+ 5
Cray Electronics	106	+ 6
FNFC 9½pcUns.Ln. 1992-97	£89	+ 3
Footwear Ind. Invs.	50	+ 4
Hollis Bros. & ESA	37	+ 3
Plessey	318	+ 13
Sothebys	455	+ 10
Tomatin	89	+ 4
Wagon Finance	52	+ 4
Watson (R. K.)	94	+ 6
BP	410	+ 14
Clyde Petroleum	795	+ 20
Shell Transport	422	+ 10
Cons. Gold Fields	452	+ 4
Messina	235	+ 10
Pancontinental	565	+ 45
RTZ	420	+ 5

FALLS		
Allebone	32	− 6
Berisford (S. & W.)	171	− 7
Dowty	235	− 6
Fisons	133	− 7
GUS A	475	− 10
Gripperrods	130	− 12
GKN	144	− 5
ICI	266	− 28
Land Securities	396	− 8
MEPC	235	− 5
Metal Box	182	− 10
Midland Bank	330	− 6
Tace	20	− 3
Thorn EMI	312	− 8
Tube Invs.	192	− 6
De Beers Dfd.	370	− 4
Hartebeest	£27¼	− 1½

ICI profits fall by 54%

BY SUE CAMERON AND REG VAUGHAN

THE FULL extent of the recession was brought home yesterday when Imperial Chemical Industries, Britain's biggest manufacturing company, reported a 54 per cent fall in pre-tax profits from £613m in 1979 to only £284m last year.

The UK-based chemicals group cut its interim dividend from 11p to 5p—the first dividend reduction since the 1930s' depression.

The dividend for the year is 17p, compared with 23p in 1979. Employees will not be paid the profit-sharing bonus they have received in various forms for the last 25 years. ICI spent £40m on its profit sharing bonus in 1979, which was worth an average of £470 to each employee.

The group blamed its profits collapse on the recession, the continuing strength of sterling and the general increase in costs—particularly oil-based raw material costs.

ICI's dividend cut took the London Stock Market by surprise. The shares closed 28p down at a five-year low of 266p. The new was also reflected in widespread falls throughout the rest of the market with the Financial Times Index of 30 leading stocks at one time dropping by 10.8 points to 491.6 after opening the day 2.2 higher at 504.2. The 30-share index later rallied to close 4.2 off at 497.8.

Another UK-based chemical company, Albright and Wilson, part of the U.S.-based Tenneco group, also announced its annual results yesterday. Its pre-tax profits fell from £23.9m in 1979 to £13.8m last year.

ICI cuts hit dividend, Page 22
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Parliament, Page 12
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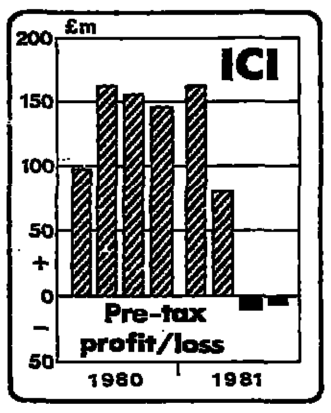
Energy review, Page 10

But it is thought the company believes its profits have held up remarkably well in view of the recession. Like ICI, Albright blamed the fall in profits on the economic downturn, the strength of sterling and the fact that selling prices were insufficient to cover higher costs.

ICI said yesterday that the outlook for 1981 "is now markedly worse" than was expected in October. The company said it was "not possible at present to forecast when an upturn will commence." The recession was "proving to be deeper and longer" than it had predicted.

The worst hit areas of ICI's business last year were the petrochemicals, plastics, fibres and organics sectors which all made trading losses. Pharmaceuticals, paints and agriculture operations "did well." The company had oil trading profits of £97m, after payment of Petroleum Revenue Tax, in 1980—slightly higher than the £85m of 1979.



In October the company reported its first-ever loss of £10m for the third quarter of 1980 but the Board stressed at the time that it intended to maintain the level of the 1979 dividend for 1980.

ICI yesterday revealed that it had made a further loss of £6m in the last three months of 1980.

ICI has provided £150m to meet extraordinary costs and losses. The figure includes £95m for the rationalisation of its fibres business, announced last year.

Sir Maurice Hodgson, chairman of ICI, said the economic downturn in the UK had been worse than that in continental Europe, while the recession there had, in turn, bitten deeper than in the U.S. or Japan.

He said ICI's UK sales accounted for 37 per cent of its total sales of £5.715bn last year — a 6 per cent increase on the £5.368bn of 1979. But UK sales had been hard hit by the strength of sterling combined with the high rate of inflation.

UK domestic sales for the year had been £2.393bn while exports had been £1.316bn—only a tiny increase on 1979 values.

ICI said high energy prices in Britain had had a further adverse effect on its business. Sir Maurice said supplies from nationalised industries had cost more and local authority rates had also risen. The rate of inflation in the private sector was considerably lower than in the public sector.

On the London Stock Exchange, ICI shares opened the day 2p firmer at 296p on expectations of a maintained dividend but had eased to 290p before the announcement was made at mid-day. There was some confusion in the market initially until the extent of the cut became known with jobbers quoting prices differing by 8p. But the share price settled down at 268p before coming back to 280p on investment demand and recovery hopes. It subsequently fell back to 268p and then closed at 266p.

CSD to gain at least one more MP

By Richard Evans, Lobby Editor

AT LEAST one more Labour MP is expected to join the exodus to the Council for Social Democracy when its 11 members leave the Labour Party next week prior to the setting up of a new political grouping.

Discussions are still taking place between Social Democratic leaders and a number of backbenchers But one definite recruit is Mr. John Cartwright (Woolwich East).

Even one capture by Mrs. Shirley Williams and her colleagues would be a bitter blow to Mr. Michael Foot and to Labour Party morale. The Labour leader has been trying desperately to contain the split and play down the significance of the breakaway group.

But with 12 MPs, together with Mrs. Williams and Mr. Roy Jenkins outside Parliament, the new Social Democratic Party, when it is set up in about a month's time, would immediately become the third largest party in Parliament with all that would entail in publicity and prestige.

Labour moderates who want to stay in the Labour Party are especially worried that this number has been gained before the process of mandatory re-selection has started. Many believe that in the next year to 18 months a number of MPs, possibly a dozen, will have been rejected by their local constituencies and become potential recruits for the Social Democrats.

Mr. John Cartwright because of his long and varied connections with the Labour movement is a particularly significant acquisition. An MP since 1974, he was a member of Labour's National Executive Committee from 1971 to 1975 and chairman of the National Union of Labour Organisers in 1969-70.

Mr. Ronald Brown, MP for Hackney South and Shoreditch and brother of Lord George-Brown, was also mentioned as a possible recruit, but his name is not going forward next week.

Mr. Edward Lyons (Bradford West), also considered a likely recruit is staying in the Labour Party, but is still considered a likely recruit eventually.

He is under great pressure from the far Left in his constituency and is expected to be replaced as Labour candidate before the next election under the re-selection procedures.

The CSD intends that nine of their MPs should together resign the Labour whip on Tues-

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Tory self-doubts, Page 21

Fraser group revalues assets

BY JOHN MOORE

HOUSE OF FRASER, the Harrods stores group, revealed its major defence in its fight against a £158m takeover bid from Lonrho yesterday.

A defence document to shareholders says an asset revaluation shows that property values of the group put a net asset value of 302p on each House of Fraser share, compared with Lonrho's offer of 150p.

Pre-tax profits for the financial year ending January 31, 1981 "are estimated to be not less than £34m," compared with £37.1m in the previous year.

A total dividend of 6.6p, a 10 per cent increase, is to be paid for the just completed financial year.

The details were unveiled as the Office of Fair Trading advised Mr. John Biffen, Secretary of State for Trade, on whether the bid should be referred to the Monopolies and Mergers Commission.

A decision from Mr. Biffen and his Ministry could be announced early next week ahead of Lonrho's extraordinary general meeting of its shareholders, called to approve the bid, on Wednesday.

As the pace of battle quickens, House of Fraser directors posed for Press photographers outside Harrods holding up a notice with the slogan: "Keep your store independent, reject the Lonrho offer." The notices are to be displayed in all House of Fraser stores.

Lonrho executives were otherwise engaged yesterday following the international trading conglomerate's announcement that it was buying control of The Observer newspaper.

Meetings took place throughout the day between Mr. Tiny Rowland, Lonrho's chief executive, with members of his group, and Department of Trade officials and executives and staff of The Observer.

Mr. Rowland said that if the House of Fraser bid was referred to the Monopolies Commission — which would cause its offer to lapse—and the Commission subsequently gave Lonrho's interest in Fraser a clearance he would "have no idea what we would do. In the meantime we could have influence on up to 40 per cent of the shares, so we will hold our ground."

Confusion at The Observer, Page 8
Property, Page 14
Fraser fights back, Page 24

National Institute warns Government of 3m jobless

[illegible]omic policy attacked

BY PE[illegible] RID[illegible] ECONOMICS CORRESPONDENT

THE GOVE[illegible] faces strong c[illegible] of its monetarist approach in the next week, including a report by an all-party committee of MPs which is expected to question the theory and practice of current policy.

This follows a call this morning by the National Institute for Economic and Social Research, an independent body, for a new strategy if there is to be any chance of economic recovery.

The Treasury and Civil Service Committee of the Commons, chaired by Mr. Edward du Cann, the Conservative MP for Taunton, will produce next Thursday a 100-page report on monetary policy following a mammoth inquiry involving dozens of witnesses during the last year.

The report is protected by Parliamentary privilege until publication but the probable conclusions are indicated by the interim reports of the committee, by the comments of the MPs during the public sessions and by several of their recent speeches.

The main theme of the comments has been considerable scepticism about claims that monetary policy is central in the fight against inflation.

There have also been doubts about the design of the Government's medium-term financial strategy—in particular, about whether official actions over the past year have matched the stated objectives.

The MPs have been publicly sceptical about the role of sterling M3, the broadly defined money supply, as the main target indicator of monetary policy. They have wanted to see more attention paid to the exchange rate and to the deterioration in Britain's competitive position.

Members of the committee have also been critical of proposals for a monetary base system of more direct control over the operations of the banking system.

Differing views of the strategy will come from leading commentators in the next few days. The London Business School, the leading advocate of the Government's medium-term approach, is due to report next Monday while the National Institute reiterates its strong criticisms today.

The institute argues in its quarterly review that without a relaxation of fiscal and monetary policy there will be no spontaneous recovery of activity.

Its forecasts show that while total output, as measured by real Gross Domestic Product, should soon stop falling, it is not expected to rise. Unemployment will go on increasing towards 3m by the end of next year.

Moreover, while the inflation rate is expected to come down into single figures by the end of this year, it is likely to level out not far below 10 per cent.

The Institute expects the rundown in industry's stocks to slow over the next two years, but this is likely to be offset by a deteriorating trade balance and by falling investment.

The review does not specify what measures are desirable, though the institute argues for a combination of Budgetary action (lower taxes and increased public spending) and a monetary adjustment which could help relax the pressure of the strong pound.

A STRONG hint of a large drop in Minimum Lending Rate in the Budget was given yesterday by Mr. John Biffen, Trade Secretary.

In the Commons textiles debate he noted that MLR was above the retail price index.

"Although no comments, no commitments, no hints can be undertaken, the evidence speaks for itself," he said.

National Institute Review, Page 16

The Heart of Britain

Next week—in the run-up to the Budget—Financial Times correspondents report on the way in which five towns in Britain's industrial heartland have been affected by the worst recession to hit the UK since the 1930s.

The towns chosen—Halifax, Ellesmere Port, Sunderland, Stevenage and Coventry—all face severe economic problems. But amid the gloom there are some signs of a new spirit of self-help and of new industries that may yet fill in some of the gaps left by the decline of the old business on which so much of Britain's prosperity has been built.

Paribas buys control of Empain company

BY TERRY DODSWORTH IN PARIS

PARIBAS, the French banking and investment group, has bought effective control of Empain-Schneider, the diversified industrial company whose interests include nuclear power engineering, steelmaking and construction.

In a deal valued at FFr 92m (£8.3m), the bank has bought from Baron Edouard-Jean Empain a 35 per cent stake in his family holding company, Auxiliaire d'Entreprise Industrielle et Financiere.

This in turn owns 44 per cent of Schneider, the French parent company of the Empain-Schneider group.

The deal ends speculation about the group's future. Baron Empain, who is stepping down at only 43, has made no secret of his disenchantment with business life since his ordeal at the hands of kidnappers three years ago.

His retirement leaves the way open for the election as chairman of M. Didier Pineau-Valencienne, an industrialist close to the Compagnie Financiere de Paris et des Pays-Bas (Paribas) group.

Paribas said last night it had taken the opportunity to accept a deal that gave it a cheap way into a large comany involved in many industrial sectors where the bank has long experience, including metal-working

There would be no immediate upheaval at Empain-Schneider, the bank said. But it added that there would clearly be changes in the long-term emphasis

£ in New York

—	Feb. 25	Previous
Spot	\$2.2300-2310	\$2.2320-2340
1 month	0.17-0.22 pm.	0.40-0.45 pm.
3 months	2.10-2.20 pm.	2.20-2.30 pm.
12 months	7.60-7.80 pm.	8.30-8.50 pm.

CONTENTS

For latest Share Index phone 01-246 8026

Stagflation: the beast that stalks the Bundesbank

BY STEWART FLEMING IN FRANKFURT

Dr. Wilhelm Christians, right, warns that some banks could face "liquidity difficulties" in March, as a result of the "special Lombard" system. Herr Karl Otto Poehl, left, the Bundesbank president, concedes there will be little improvement in this year's current account deficit.

SINCE LAST September, the Bundesbank, the West German Central Bank, has been directing its high interest rate monetary policy primarily, albeit reluctantly, at defending the external value of the Mark.

But in the past three weeks evidence has been increasing that, alongside this objective, worry about the West German currency's internal value—that is, the domestic inflationary outlook—has begun to play a much bigger role in the Central Bank's decisions.

It may be difficult for the Bundesbank to concede this. West Germans, still convinced of the inherent stability of the domestic value of the Mark, *are much more concerned* about signs that the economy could be heading for recession, and that the Bundesbank's monetary policy could be pushing it faster in that direction. Unemployment has already hit *a five-year peak.*

But the events of the past three weeks—the upward pressure the Central Bank has put on interest rates and the comments of Central Bank officials, for example—clearly point in the direction of a growing concern about domestic inflation. There is now the nagging fear that with the shield of an appreciating currency almost certainly no longer at hand, West Germany could be facing its first battle *with "stagflation"—inflation* and recession—a beast which has already overwhelmed the economies of some of its industrial competitors.

The most visible shift in the Bundesbank's monetary policy in the past month was undoubtedly the decision on Thursday of last week to suspend, albeit temporarily, its Lombard credit facility to the West German banking system.

Under this facility the West German Central Bank has traditionally provided the banking industry with day-to-day funds at a fixed interest rate (recently 9 per cent) pretty much without limit. The Lombard rate has been in essence a tool of domestic liquidity management aimed at maintaining relatively stable conditions in the domestic money markets and influencing general interest rate levels.

With the suspension of the Lombard rate and its replacement by a "Special Lombard," that has changed dramatically. The *new* special Lombard rate can vary from day to day: on some days the "window" may not be open, and on others the volume of funds available may be restricted. More important, however, is that how day-to-day management of special Lombard is conducted will depend partly on the external pressures of the Mark and not just on domestic liquidity. For the new system is designed to reinforce the Bundesbank's ability to influence the exchange markets *without having to throw* millions of dollars to speculators through intervention.

The result is likely to be much less predictable, more volatile and higher interest rates: in short, new problems for the banks, most of which have in the past two years been suffering their worst profits performance since the Second World War as a direct result of an unanticipated period of high interest rates.

Thus Dr. Wilhelm Christians, co-chairman of Deutsche Bank, West Germany's biggest bank, has warned that some banks could face "liquidity difficulties" in March as a result of the special Lombard system. The banks are expecting liquidity to be tight in March *partly because of tax payments.* What they cannot now anticipate is how the Bundesbank will handle the liquidity situation. Not even the Bundesbank knows that because it cannot predict how the Mark will be performing.

All that can be said on this score is that the Mark is looking less sick this week than it was before the special Lombard was introduced. The uncertainty of the new system has, for the time being at least, reinforced thet Central Bank's ability to influence the foreign exchanges. But the Bundesbank is all too well aware that it cannot, through any form of intervention, dictate what rate the Mark should trade at.

It seems safe to say that the *technical aspects of setting up* the "special Lombard" have primarily been aimed at the policy goal which has been dictating Bundesbank monetary objectives since September — defending the value of the Mark.

But it is equally clear that the Bundesbank, through its traditional monetary policy intervention vehicles, as well as through the action last week, has also been toughening its monetary stance at home in view of the mounting inflationary threat. On February 3 it gave its clearest hint of this shift when it provided the markets with much less long-term liquidity than anticipated, forcing West German interest rates higher.

Day-to-day money is up *from* just over 9 per cent to around 12 per cent since the end of January, as is one-year money, even for the Government. Longer bond and security yields, say seven-year maturity government paper, is now yielding around 10½ per cent, against just over 9 per cent at the end of last month. Business overdraft loan costs are rising around ½ of a percentage point to the best quality corporate customers to 12½ to 12¾ per cent, and private individuals can expect to pay 14 per cent. Bear in mind that in the course of the last economic downturn day-to-day money rates went down to 3 to 4 per cent.

Several factors appear to have been influencing the Bundesbank's thinking. The decline in the Mark has already produced *a surge in domestic inflation from* around 5 per cent in October to nearer 6 per cent last month. The fear is that this will begin to fuel domestically generated inflation. In recent months, too, bank credit and *the money supply have both be*gun to accelerate and are now running around the top of the Central Bank's target ranges in conditions—a weak Mark and historically high inflation—which would normally lead the Central Bank to try and curb this growth.

And, of course, expectations are changing. Thus Dr. Christians warned earlier this week that it might be difficult to improve on last year's 5.5 per cent inflation rate in 1981 (the Government has been predicting 4.5 per cent this year) and even Herr Karl-Otto Poehl, the Bundesbank president, has conceded there may be little improvement in the current account deficit this year from last year's DM 28bn (£5.96bn). In the background, of course, unease is also mounting about the wage negotiations, now coming to a head. While political and financial leaders are urging the need for belt-tightening and acceptance of a temporary reduction in real incomes, the unions are showing no inclination to make such a concession. Concern is such that even Dr. Helmut Schlesinger, the Bundesbank vice-president, has hinted that perhaps a temporary "wage pause" is desirable.

West Germans have been finding it hard to come to terms with their changed economic circumstances after a generation of economic success. Even their political leaders, judging from their slow reaction to the rocketing current account deficit and the still desultory approach to the associated energy problem, are finding the adjustment hard to make. What can be said with the utmost confidence, and one need only look at the British or American examples for *confirmation,* is that if West Germany (like the U.S. in 1976) were to begin its next economic upswing from a base inflation rate of 5 per cent or more—which now looks possible—that would amount to a serious deterioration in the nation's fundamental economic health. No wonder the Bundesbank is worried.

Forlani seeks confidence vote

By Rupert Cornwell in Rome

THE BATTERED Government of Sig. Arnaldo Forlani, the Italian Prime Minister, has been forced yet again to head off potentially fatal rebellion in its ranks by calling for a vote of confidence. This time the vote will be on proposals to change the indexation mechanism on state pensions.

The vote, due today, will be the third of its kind in six weeks. The Government seems certain of success, but the fact that it has chosen to resort to the device of a confidence vote is a measure of its weakness and instability, exceptional even for short-lived Italian administrations.

The Finance Bill amendment on which Parliament will pronounce is essentially a compromise between those who wanted to leave indexation provisions for pensions as they were and the demands of the unions, the opposition Communists, and the Socialists and Social Democrats within the coalition, that indexation should operate every three months instead of every six as at present.

The original proposals would have cost over L700bn (*£310m*) and were bitterly fought by the small Republican Party, also a member of the Government, on the grounds that they would add to the inflationary pressures generated by the present system.

Eventually yet another party conclave agreed on a four-monthly indexation mechanism, costing about L500bn a year. Even so, Sig. Forlani felt he had no choice but to make the *amendment* a vote of confidence.

This means that voting will be by open roll-call, thus removing the risk of defections in a secret vote, and of a defeat like that which brought down the previous Government of Sig. Francesco Cossiga in September last year.

The continuing tensions within the Government reflect not only jealousies of a more assertive Socialist Party but also the old quandary of what attitude to adopt to the powerful opposition Communist Party.

An increasingly disruptive factor is also this summer's round of important local elections for new city administrations in Rome, Genoa and Bari and for a new regional government in Sicily. The one element in Sig. Forlani's favour is the absence, at the moment, of any alternative to the present four-party coalition.

Meanwhile signs were emerging yesterday of a consensus for outline action to aid the financially-stricken steel industry, an issue which has also fuelled tensions between the parties.

Sig. Gianni de Michelis, the state shareholdings Minister, yesterday said that L6,000bn would be made available to the sector, of which L5,000bn would go to the state-owned companies, notably Finsider of the IRI group, and L1,000bn to private manufacturers.

But it was not clear whether such measures—which would parallel the £4.5bn of state aid just announced for the British steel industry—could be implemented in time to prevent Finsider's operating subsidiary Italsider withdrawing its threat to pay only 70 per cent of normal salaries for this month, due to a lack of further credit at its banks.

Worsening trade gap for Lisbon

By Diana Smith in Lisbon

PORTUGAL'S terms of trade deteriorated by 5 per cent in 1980 and the combination of dropping demand and rising oil and food prices is likely to aggrevate the trade deficit, *which was $1.5bn (£668m) in* mid-1980.

This has been disclosed by Sr. Alexandre Vaz Pinto, Minister of Trade and Tourism, to members of the British-Portuguese chamber of commerce in Lisbon. *He said* Portugal's trade with Britain, its largest single partner, had been affected severely by Britain's economic difficulties. Textile and clothing exports from Portugal decreased by 22 *per cent in 1980* and these constituted 60 per cent of all exports to Britain.

Some 45 per cent of the trade deficit was caused by imported fuel and foodstuffs. In 1980, the imported oil bill doubled to $2bn and while overall imports increased by 10 per cent there was a price deterioration of 64 per cent due to fuel and food imports.

Sr. Vaz Pinto expressed the hope that exports could grow by 5 per cent in 1981. This compares with growth of almost 30 per cent in 1979.

The Minister said that concentration on exports from sectors with very tight profit margins, such as textiles, and rapidly-dropping demand among trading partners had made Portugal vulnerable. In future export growth would be even more difficult.

But he saw possibilities for improving terms of trade with the U.S.

The U.S., however, is no longer prepared to concede to Portugal the status of less-developed nation which entitled it to cheap grain imports.

Monetarism alone 'not enough for Norway'

BY FAY GJESTER IN OSLO

MONETARY policies alone are inadequate in the fight against inflation, according to Mr. Knut Getz Wold, Governor of the Bank of Norway.

In his annual address to the bank supervisory council, Mr. Getz Wold said that keeping prices in check was as much a political as an economic problem.

Regulation of the money supply was a useful component in an overall strategy aimed at curbing inflation. But a one-sided monetarist policy could have such harmful side-effects on production and employment that it could not be accepted easily in a modern welfare society.

Mr. Getz Wold said Norway's economy faced difficulties in the immediate future, despite the country's oil wealth. To adapt to a world economy in recession, moderate income policies and stringent fiscal policies were needed.

The alternative was rapid inflation, increased problems of adjustment, and depopulation of the country's economically weak regions.

Oslo may offer 'Golden Block' stake to foreigner

BY OUR OSLO CORRESPONDENT

NORWAY may have to offer a foreign oil company part of a valuable North Sea oil and gas *concession, which the Labour* Government intended to keep for Norwegians only, in order to secure the expertise needed to develop the find.

At present the licence to "Golden Block" 34/10 is shared by the country's three leading oil companies, Statoil, Norsk Hydro and Saga. Their technical assistant during exploration drilling, has been Esso.

Now an application to develop the find is being considered and six foreign oil companies, including Esso, have been asked whether they would be interested in offering technical assistance. The first of the six had talks with the Oil and Energy Ministry this week, and discussions with the other five will follow within a fortnight. The Ministry refused to say yesterday which other companies were being considered.

Both Statoil and the Oil Directorate (the Government's oil safety watchdog) have argued recently that the technical assistant should be given a small ownership stake. They say this would induce the company to assign its best people to the job.

Politically the award to a foreigner of even a small stake in the "Golden Block" would not be popular.

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An eerie calm descends on Poland

BY CHRISTOPHER BOBINSKI IN WARSAW

THE EERIE calm in Poland since Gen. Wojciech Jaruzelski was appointed Prime Minister and his appeal for 90 strike-free days is not easy to explain.

Mr. Richard Kalinowski, deputy chairman of Solidarity, the independent union, and the head of the union in Elblag near Gdansk, says the general simply settled the conflict he inherited from his hapless predecessor and now "people are waiting to see how he will turn out." No doubt, traditional Polish respect for a military man and the general's reputation for honesty and moderation have helped. The present calm is a relief, as people were indeed tiring of polemics and *protest strikes. But there is no* certainty that the calm will hold.

Solidarity's national committee meeting this week in Gdansk studiously avoided any response to the general's call for calm. Indeed, few speeches mentioned the new Prime Minister. For the majority of union activists, the authorities are still "them," and the Government changes mean little. But the meeting did respond positively to a private invitation for full-scale talks between the Government and Solidarity, due to be held as soon as the full Polish delegation returns from the Soviet Party Congress in Moscow.

Much depends on the talks, and they will give the union a chance to assess just how sincere the general is about a real dialogue with Solidarity. "In the past, the Government avoided real talks. Now we will see," Mr. Kalinowski commented.

For the moment the Solidarity national committee has set out a list of problems for the talks with the general and his deputy, Mr. Mieczyslaw Rakowski, editor of the liberal weekly Polityka and the man now in *charge of relations with the* union.

The union wants to discuss the new draft law on censorship and the unions. It also wants the Government to rescind its order limiting pay for strikers, and is aiming to press for more access to the media. The issues of securing the independence of the law courts and bringing the security apparatus under the rule of law will also come up. These will be especially difficult as they infringe on the closely guarded privileges of the police.

The union strategists' real dilemma is how to assess the new Prime Minister. It is recognised that he is a moderate, and that both he and Mr. Rakowski have shown patience and reason in resolving problems over the past 10 days. But the crucial point is that political decisions are taken in the politburo, the supreme party policy-making body. There, such hardliners as Mr. Stefan Olszowski show little sign of having changed their line. The constant unexplained complications in executing decisions already agreed with the Government—putting out *the union's weekly newspaper,* for example—point to their malign and undiminished influence.

Much will depend, of course, on the result of the talks Mr. Stanislaw Kania, the party leader, inevitably had with the other east Europeans in Moscow during the Soviet congress. Since last December's Moscow summit on Poland, the Polish party leadership has been more than attentive to the Kremlin's opinions, as well as those of Prague and East Berlin. Should significant dissatisfaction be conveyed to Mr. Kania this week in Moscow, the Polish Politburo's hardliners will be strengthened out of all proportion to their support inside the country. A return to a full-scale policy of "no concessions," in abeyance since Gen. Jaruzelski was appointed, will limit the new Government's freedom of manoeuvre and inevitably bring tension. On the other hand, the very fact that Mr. Jaruzelski is a general and the Defence Minister opens the chance that he will be able to carry out policies independent of the Politburo which will ensure a measure of harmony with *Solidarity.*

Solidarity has shown that on such issues as private farmers' right to form a union, where the authorities are determined not to give way, the union is ready to be flexible and avoid confrontation.

The coming talks will at least reveal some of the general's intentions. One thing is certain. There is no shortage of issues which could give rise to serious conflicts.

The risk now is that the authorities are to an extent hoping that the new Prime Minister's military background will strengthen the executive by inspiring respect—if not fear—among the people. Should there be a confrontation, the authorities may feel forced to back up this implicit psychological threat and stand firm. This means, and Solidarity is aware of this, that the brinkmanship both sides have practised in the past is now all the more fraught with danger.

Lech Walesa, Solidarity's leader, relaxes at the snooker table.

Bonn battle ahead over private TV

BY ROGER BOYES IN BONN

WEST GERMANY seems set for a major battle over the role of private television, following an announcement yesterday that the country's newspaper publishers *are preparing to take a* stake in a new international satellite broadcasting venture.

The Federation of German Newspaper Publishers (BDZV), *said that it had decided to* accept an invitation to take part in a European company to be based in Luxembourg which could beam television programmes via satellite into French, German and Belgian households.

Radio Luxembourg's current owners (Compagnie Luxembourgeoise de Télévision) would have a 51 per cent stake in the concern and the rest would be held by other European shareholders, including a substantial portion in the hands of German publishers. The company is expected to start broadcasting in four years' time.

Bonn's ruling Social Democratic Party (SPD) and even Chancellor *Helmut* Schmidt, who was only told about the move shortly before the publishers' announcement, have long expressed their opposition to any form of private television in Germany, partly on the grounds that it would upset the fine political balance of the present system of public corporation television.

Officials also maintain that a private system would allow major newspaper magnates, *such as the Springer publish*ing house, to broaden its influence, that television advertising would escape the present tight restrictions and that overall standards would fall. As one SPD politician put it recently: "German TV would be Americanised in the worst possible way."

The publishers have tried to *anticipate this line of attack by* promising that they will abide by German advertising ground rules, which limit the time available to advertisers, and by stressing that every newspaper would be given access to air time, not just the large-circulation papers.

The publishers federation has calculated total start-up costs of at least DM 400m (£84m) but it has not yet decided how large its own stake will be. That will be announced in April and the German papers are expected to *form a joint holding company.*

The federation said yesterday that it expected strong resistance from the public television monopoly and from the Government. But the European television scheme would go ahead whether the German newspapers took part or not.

Missile ban sought by Dutch party

By Charles Batchelor in Amsterdam

THE DUTCH Labour Party's special election congress opened yesterday with a promise from the chairman, Mr. Max van den Berg, that, when in Government, the party would refuse to allow the stationing of Cruise Missiles in the Netherlands. He said the party wanted the country to be a nuclear-free zone.

Although in opposition, the Labour Party is the largest in Parliament, with 53 of 150 lower house seats. Opinion polls have shown that a left-of-centre Government, including Labour, could come to power after elections due on May 26.

The nuclear issue is expected to be fiercely debated during the three-day conference. In the past it has brought the *former Prime Minister and* party leader, Mr. Joop den Uyl, into conflict with many members of his own party.

Mr. den Uyl is against Cruise misiles, but wants the Netherlands to retain one or two of the six nuclear tasks it now has within the North Atlantic Treaty Organisation.

Party districts have filed amendments to the party programme calling for outright rejection of all nuclear tasks.

Second half recovery for France

BY ROBERT MAUTHNER IN PARIS

THE FRENCH economy, which is expected to remain depressed throughout the first half of this year, should start to recover from July, according to the latest forecasts of the French National Institute of Statistics.

Industrial production, which has fallen by about six per cent since the winter of 1979-80, is likely to improve at the end of the first half of 1981. The recovery is expected to take place first in the consumer and semi-manufactured goods sectors, while the capital goods sector will remain slack during the third quarter of 1981.

The institute remains pessimistic about the outlook for prices and employment. The rise in wholesale prices, which started to slow down at the end of 1980, accelerated again at the beginning of this year mainly because of higher energy and other imported raw material prices.

That will have an effect on consumer prices which though rising more slowly than during the first half of 1980, are still *expected to increase by about 12* per cent this year, compared with 13.6 per cent in 1980.

The number of jobless, currently about 1.6m, is expected to increase by some 1 per cent a quarter until the autumn in the industrial sector. Employment prospects in the services sector are much brighter.

A dukedom for Suarez

BY OUR MADRID CORRESPONDENT

SPAIN'S former Prime Minister, Sr. Adolfo Suarez left Spain yesterday for an extended holiday in America, having been named a Duke by the King for his services to Spain. Both the title and his departure were seen as more than symbolic, closing an era and perhaps a political career.

Sr. Suarez resigned from the premiership on January 29 in a surprise move and still has not given a full explanation. The overriding impression remains that he resigned for personal political reasons, seeking to head off criticism from his own Union de Centro Democratico party and to preserve some political capital.

The events of the past month have added little to his stature however. In particular, in the aftermath of Monday's abortive coup, many politicians are bitterly critical of him for resigning, helping to add to the sense of political drift and vacuum, which encouraged the military to act.

But when Parliament resumed on *Wednesday* Sr. Suarez was warmly applauded and few would not concede his vital role in the first two years of the democratic transition from Franco's rule. Sr. Suarez was chosen by the King to be Prime Minister in July 1976 after Sr. Carlos Arias had proved too conservative to lead the country away from Francoism.

Sr. Suarez's main strength was an intimate knowledge of the Franquist bureaucracy, having been secretary-general of the blue-shirted political movement, the Movimiento. At 44 he projected the image of youth which the young democracy welcomed. This helped him to win two elections but he has been increasingly handicapped by his lack of vision and ideology.

Sr. Suarez conceived UCD as a party of power rather than a party with any specific ideological commitment. This put *him* in conflict with the more conservative Catholic element of the party who felt he was too reformist. But he angered the liberals by his increasing resort to a limited circle of advisers.

In the last few months before he resigned Sr. Suarez behaved like a hound at bay, aware that several in his party thought he had served his purpose. They were people who he had earlier snubbed by proving that he was not just a rubber stamp for the King. His resignation was also *an act of personal frustration,* leaving prospective new leaders to see how difficult it is to govern.

The official citation from the King said that Sr. Suarez's dukedom had been conferred: "As proof of my affection, and to reward the loyalty, spirit of service, patriotism and sacrifice" shown by Sr. Suarez.

Spain's new Prime Minister, Sr. Leopoldo Calvo Sotelo was sworn in by King Juan Carlos yesterday and *immediately* started work in forming his Cabinet, our Madrid Correspondent reports. At the same time a senior military officer began investigations into the role of various army officers and members of the para-military Civil Guard in the abortive coup earlier this week.

Sr. Calvo Sotelo is expected to announce his Government today in time for a series of national demonstrations called by all the major political parties and trade unions in support of the constitution and democracy.

OVERSEAS NEWS

Muldoon's union showdown may prompt election

By Dai Hayward in Wellington

THE NEW ZEALAND Government came into direct confrontation with militant trade unions last night when it decided not to drop charges against 48 strikers arrested on an Auckland airport picket line on Tuesday.

Nor will charges against pickets held at a Dunedin fertiliser works 10 days ago be withdrawn. Many people believed this had already been done.

The Government's stand and the distinct hardening of its attitude towards the unions reinforces the possibility that Mr. Robert Muldoon, the Prime Minister, will use the present industrial chaos as an excuse to call a snap General Election.

Mr. Mudoon said yesterday afternoon that at this stage he did not intend to call a snap election. But he did not state categorically he would not hold one and left his options open.

The Government is rallying public support, particularly from the powerful Federated Farmers organisation, and Mr. Muldoon may assess the strength of this support next week.

There has been widespread industrial disruption in protest at the arrest of the pickets. The possibility of a sudden election if it continues was strengthened by comments by Mr. Ben Couch, the Minister of Police.

Mr. Couch is a strong supporter of the Prime Minister in Cabinet. He told his supporters there might be an election before the scheduled November date.

By staying in jail "until the Government changes the legislation" Mr. Jim Butterworth, the engineers' union secretary, and five other arrested strikers have won massive union support. At midnight last night the vital meat killing industry closed down indefinitely as thousands of freezing workers throughout New Zealand went on strike "until the legislation is changed."

They also want the Trespass Act, under which the Auckland airport strikers were arrested, changed to give immunity to union pickets.

However, Parliament does not assemble until May and the Government could not change the legislation until then even if it wanted to.

Mr. Jim Knox, the President of New Zealand's Federation of Labour, and the Prime Minister had earlier agreed on a formula for settling the Auckland engineers' dispute but members of the union refused even to consider this while Mr. Butterworth and the other strikers were in jail.

In the meantime, there is some confusion in the industrial situation. While some new unions and individual factories are joining the strike today, others, including commuter bus drivers and cleaners, will return to work tomorrow.

It now seems difficult to forecast any simple way of settling the dispute. The unions have committed themselves while at the same time the Government has said it will not give in to union pressure.

Moderates hold rally in Tehran

By Terry Povey in Tehran

SOME 40,000 people in Tehran yesterday heard Ebrahim Yazdi a former Iranian Foreign Minister, ask Iran's revolutionary leader, Ayatollah Khomeini "where is our revolution going?"

To shouts of "Yazdi get lost" the ex-minister declared that the Iran Liberation Movement (ILM) was re-starting its activities in opposition to the threat of one-party rule coming from the fundamentalist Islamic Republican Party

Yesterday's rally, called by ex-premier Mehdi Bazargan, and three parliamentary deputies belonging to the ILM passed off peacefully with police, rather than revolutionary guards handling security.

A squad of police in riot gear appeared for the first time since the overthrow of the late Shah

In his speech, Mr. Bazargan said that the ILM's supporters in Parliament were acting as the opposition minority and that they would not resign as long as it was possible to work inside it.

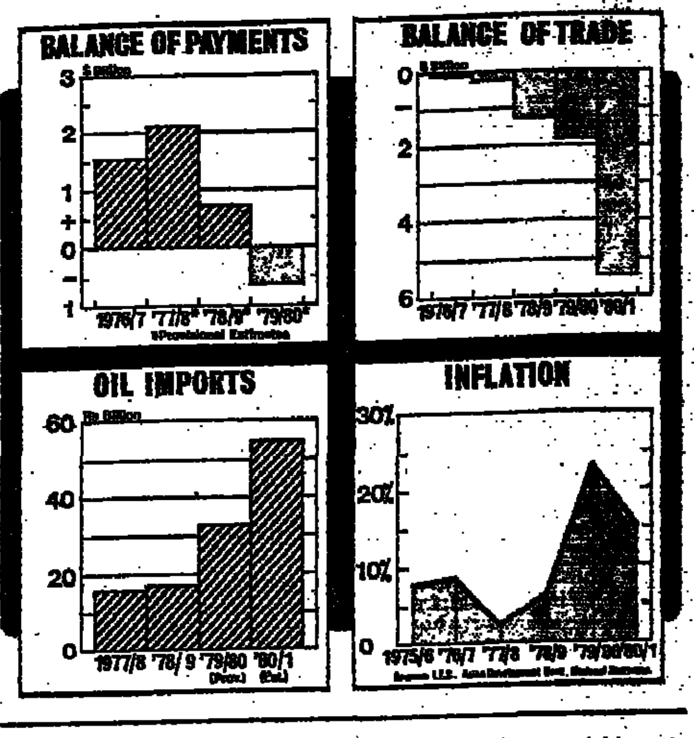
The key policy speech for the ILM came from Dr. Yazdi who was Foreign Minister for much of the first year after the revolution up until the seizure of the U.S. embassy in late 1979.

Attacking "the party" meaning the IRP, and the Tudeh (pro-Moscow communists) Party with almost equal vehemence, he accused both of "un-Islamic and Stalinist efforts."

Yesterday's rally is seen as an indication that the ILM is intending to push itself forward as the major organisation operating within the constitution but in opposition to the fundamentalists.

India is to announce its 1981 budget tomorrow. **K. K. Sharma** reports from New Dehli

Mrs. Gandhi faces a test of her economic acumen



MRS. INDIRA GANDHI faces an important test of her economic acumen and of her political will tomorrow, when India's 1981 budget is unveiled.

Since Mrs. Gandhi's landslide electoral victory in January last year, her Government has been agonising over the best way to put the stagnating Indian economy back on a growth path.

Major economic decisions can be delayed no longer, and have to be made at a time when Mrs. Gandhi is coming under increased political pressure. Communal and caste violence throughout India has created an ugly public mood, and has prompted protests in Parliament—some of them violent.

Delay is no longer possible because deepening economic problems demand urgent Government action, and because the sixth five-year plan, entailing public-sector investment of £52.7bn, has at last been finalised. It is already a year late, and Mrs. Gandhi faces a difficult task in trying to telescope the plan

The 1981 budget is to be presented to Parliament by Mr. R. Venkataraman, India's Finance Minister. He must perform a tricky balancing act. Not only does the budget have to raise funds for the development plan, but it must also encourage investment by the private sector. At the same time, the Government must tread warily to avoid stirring up political groups, like the farmers who are agitating for higher prices.

In raising revenues for development, Mr. Venkataraman will bear four important problems in mind:

- The current financial year is expected to show inflation of around 15 per cent, lower than last year's 23 per cent but still dangerously high.
- The payments deficit is growing because of the high cost of imported oil, which now takes nearly 60 per cent of export earnings. To the anticipated trade deficit of £2.4bn in 1980-1981 must be added the fact that earnings from invisibles are falling, especially remittances from Indians working abroad. This will result in a current account deficit of over £1bn and cause a sharp fall in the foreign exchange reserves of about £325m, after taking into account International Monetary Fund credits of £440m.
- Unforeseen expenditures — the most important being the unrest in the state of Assam—have widened the budget deficit to £1.5bn, from the £760m envisaged last year. This order of deficit financing clearly cannot be maintained if inflation is to be contained, especially after the sixth plan document has placed a limit of £2.7bn on deficit financing over the entire five years.
- The Government must raise an extra £11.5bn over the next four years if targets set in the new five-year plan are to be met. India's planning commission has said a peak has already been reached in taxable capacity. The Finance Ministry is also pessimistic that tax revenues can be increased. So there are important questions about how the additional resources can be raised.

High investments must be made, however, if the economy is to emerge from stagnation. The sixth plan aims at what many consider is the over-ambitious target of an average annual growth rate of 5.2 per cent, compared with the annual average of 3.5 per cent achieved in the past three decades. While growth this year is expected to be 6.5 per cent, this is in part a recovery from a disastrous performance in 1979-80, when the gross national product contracted by 4.5 per cent.

Determined to strike towards the sixth plan growth targets, the Government is channelling much of the additional investment towards combating the two major constraints on production in the economy: poor infrastructure and heavy dependence on imported energy.

Infrastructural bottlenecks have prevented India from using its large and diversified industrial base, although industrial production has increased encouragingly in the past three months. Investment in energy is essential for developing promising oilfields quickly, to narrow the payments deficit and make it possible to maintain imports of the intermediate and capital goods needed to keep Indian industry competitive.

The Government is reluctant to resort to further external financing — either in foreign aid or commercial borrowings, now expected to fund a relatively modest 10 per cent of the sixth plan — largely because of fears that debt servicing may become a burden. There are also political pressures on Mrs. Gandhi not to abandon self-reliance, the virtues of which have long been extolled.

Turning to external financing would require difficult political decisions. Mrs. Gandhi would inevitably face criticism. But recently she has shown willingness to take similar decisions. The financial difficulties now may force on her the political resolve she needs.

3,000 ARRESTED IN GUJARAT

More than 3,000 medical students were arrested in Ahmedabad, capital of Gujarat state in Western India, yesterday when they tried to take out a rally in support of their demand that reservation of posts for Harijans (Untouchables) should be banned, writes K. K. Sharma.

The medical students' agitation has caused widespread violence in Gujarat for the past fortnight and more than 20 people have been killed in clashes with police who have frequently resorted to firing to disperse violent mobs. Gujarat is the centre of the textile industry in India and all mills have been closed for about ten days.

Prime Minister Indira Gandhi has appealed to the students to call off the agitation but has not decided to intervene to bring it to an end.

Pakistan police hold Mrs. Bhutto and six opposition leaders

LAHORE—Police yesterday detained Mrs. Nusrat Bhutto, widow of executed Prime Minister Zulfikar Ali Bhutto, and six other leading Pakistani Opposition politicians, opposition officials said.

They were meeting in the home of a lawyer, Mehmud Ali Kasuri, in central Lahore.

About 400 supporters of the newly-formed Movement for the Restoration of Democracy fought outside the house with police while the meeting took place

The officials said about 150 demonstrators were also taken away.

During the past two days the military have rounded up more than 100 opposition politicians and party workers.

Earlier yesterday, Pakistan's Opposition leaders, their ranks already thinned by a wave of arrests, had agreed to launch a campaign of strikes and demonstrations to bring down President Mohammad Zia-ul-Haq's military government.

The chief of Pakistan's Moslem League, Khawaja Khairuddin, had said that the leaders and acting leaders of nine political parties decided at a secret meeting in Lahore to open a campaign of civil disobedience next Monday to force the army to hand over power.

Mrs. Bhutto was with Mr. Khairuddin at the early morning meeting. He said she had travelled from her home in Karachi dressed in an ankle-length burka (veil) to escape police restrictions on her movements.

Meanwhile, protests by students demanding an end to martial law have spread to all four of Pakistan's provinces. One student was killed in a clash with rival students yesterday in Karachi, a city until now free of trouble.

Yesterday's clandestine Lahore meeting was the first of the central action committee of the newly formed Movement for the Restoration of Democracy which is demanding an immediate end to nearly four years of martial law, the setting-up of an interim government, and parliamentary elections within three months.

Gen. Zia . . . promises action next week.

Mr. Khairuddin said the action committee agreed that from Monday lawyers would begin defying the military authorities and courting arrest.

If Press censorship were not lifted by March 23, Pakistan's national day, strikes and student demonstrations would be organised, civil servants would be asked to stop co-operating with the Government, and the public would be asked to burn newspapers in the streets.

General Zia left Pakistan yesterday to take part in a mission aimed at ending the Gulf war. But he said he hoped to announce the formation of a new mixed military-civilian government within 24 hours of his return on Wednesday.

The establishment of a nominated federal advisory council, performing parliamentary duties, would follow, he told reporters.

Reuter

Zimbabwe puts brake on credit

BY OUR SALISBURY CORRESPONDENT

THE ZIMBABWE Reserve Bank yesterday announced credit curbs designed to promote savings and "discourage non-essential and postponable expenditure," as part of a programme to fight inflation which is expected to reach a rate of at least 15 per cent in 1981.

Bank rate, which had stood at 4.5 per cent for 18 years was raised to 6 per cent with immediate effect and the Zimbabwe Central Bank and Treasury said financial institutions would have to increase their statutory reserve balances held with the Reserve Bank as from May 21, 1981.

In the case of demand deposits, statutory balances are being raised from 6 per cent to 8 per cent while in the case of time deposits the increase is from 3 per cent to 4 per cent.

The Reserve Bank said that the prime lending rate will increase from 7.5 per cent to 9 per cent with immediate effect and other savings and lending rates could be expected to move up in line with these changes.

It noted that the money supply (M2) had increased 34 per cent last year alone "which must be regarded as excessive even when viewed against the rapid recovery of the economy," and warned that such a high rate of monetary expansion could not be sustained without an acceleration in the inflation rate

Current indications are that 1981 will be another prosperous year, the Bank said, providing inflationary pressures could be contained. The major demand for bank credit would continue to come from Government to finance its large budget deficit.

White House 'offers Israel 15 more F-15s'

By Our Foreign Staff

THE REAGAN Administration is offering to sell Israel an extra 15 F-15 jet fighters in order to offset concern by the Begin Government, and the pro-Israeli lobby on Capitol Hill, about the proposed sale to Saudi Arabia of additional equipment to upgrade its U.S.-made F-15 plans, according to Administration officials.

The Administration is also reported to have decided to spare economic aid for Israel from any of its foreign aid cutbacks. It is unclear, however, that Israel would be much mollified on the Saudi F-15 sale by getting an extra 15 fighters itself.

The crucial element in any Israeli purchase decision is the terms of payment. If reports yesterday that the new F-15 offer would be funded by a two-year loan of $600m albeit at a subsidised interest rate of 12 per cent are correct, then it seem unlikely that Israel could afford to accept it.

Reagan sets deadline for extra $3bn cuts

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT Ronald Reagan has given his advisers less than two weeks to find an extra \$3bn-\$6bn savings in the 1981-82 budget on top of the \$41.4bn public spending cuts he has already proposed.

The President ordered the hurried action after being told by Budget advisers that they had under-estimated the built-in growth of public spending for the coming fiscal year, starting on October 1. They blamed the miscalculation on "optimistic" estimates inherited from the Carter Administration.

The extra savings were necessary, the White House said, because the President was determined to stick to his target of \$695.5bn public spending in 1981-82 with a Budget deficit of some \$45bn, as laid down in his February 18 programme.

The President's instructions were characterised by Mr. Donald Regan, Treasury Secretary, yesterday as "don't raise the bridge, lower the water."

The Administration was now carrying out its third complete review of the 1981-82 Budget, Mr. Murray Weidenbaum, chairman of the Council of Economic Advisers, said, but without indicating where the latest cuts might fall.

Part of the unexpected surge in public spending has come in the Medicaid and Medicare health programmes. However, the Administration still says it intends to leave defence and basic welfare programmes relatively intact.

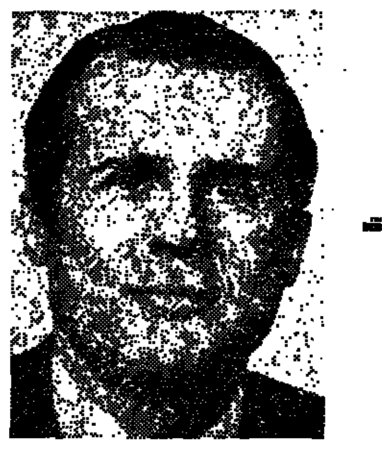
The February 18 Budget produced an overall 1981-82 Budget cut figure of \$41.4bn, but since some \$7bn of this was not specifically identified, a second review of spending has ben necessary. Now, the new estimates of higher public spending trends and also higher inflation have led to a third search for budget savings.

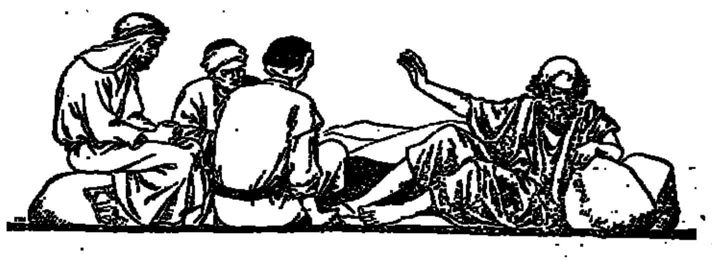
The Administration's deadline for action is March 10, when it is due to present to Congress the full 1981-82 Budget document with which the degislature can start work.

Mr. Weidenbaum stressed the search for budget savings covered the present fiscal year and those beyond 1981-82. But it is in public spending for the coming year that the president wants to make the most impact.

The quest for even deeper spending cuts than previously announced may cause even bigger opposition from Democrats, particularly in the House of Representatives where they still form the majority.

Good Book is good news for Wall Street





Mr. Sam Moore, left, runs Thomas Nelson, the world's largest Bible publisher. Business is booming. IAN HARGREAVES in New York reports

"OH THAT my words were now written! Oh that they were printed in a book!" exclaims the long-suffering Job, 19 chapters into his epic struggle with God and Satan.

Job's wish was probably first granted by a Bibical scribe about 4,000 years ago, but today even Job would have to take some comfort from the pace at which his story is retailing in the U.S.

For the Bible is once more a boom-time book in the U.S. Its fortunes have been revived by the strengthening grip of the evangelical Jesus movement and its moral and political subsidiaries, a grip which was so helpful in securing a landslide victory for Mr. Ronald Reagan in last November's Presidential election.

According to Mr. Ted Andrew, executive director of the Evangelical Christian Publishing Association, 2m Bibles were sold in the U.S. in 1979, a 7.6 per cent increase on the previous year. Last year's figures are not yet complete, but Mr. Andrews says he is sure the gain was even greater.

Those figures do not count the at least \$50m-worth of bibles which are given away each year in the U.S. by such missionary groups as the Gideons.

For the companies which make a living out of Bibles, all this is very good news. "Our market is growing in dollar terms at 35 per cent a year," says Mr. Sam Moore, the effusive Lebanese-born businessman who runs Thomas Nelson, the World's largest commercial Bible producer and once part of the Thomson Organisation. He speaks from well-sited offices on the northern border of the Bible Belt in Nashville, Tennessee.

About 80 per cent of Nelson's revenues come from Bibles and total sales have multiplied five-fold since 1973 to \$35.8m last year.

The stock market has not failed to notice this performance and in the over-the-counter market in which the shares of small companies are traded, Nelson's stock has been behaving more like that of a company which has just invented a miracle drug than one whose fortunes rest primarily on one of the oldest books in the world.

But why are people so confident that the trend towards hot-gospelling Christianity, worth at least \$3bn a year, will continue?

Mr. William Bray, a born-again Christian in his 30s who runs the Evangelical Marketing Report from Wheaton, Illinois, believes that the first Jesus Movement wave of 1976 has now matured and that although there have been some defections, those who stayed have become more serious, more committed and more interested in pursuing their beliefs through reading and study.

This year, the momentum will be increased by the America for Jesus Movement which plans to stage 20 major rallies in town centres, each of which is expected to draw at least 300,000 people. The boast should be taken seriously on the evidence of last year's spectacular Washington for Jesus' rally. In scale and scope, this movement is comparable to the civil rights movement of the 1960s.

But for the Bible-makers, who have been the mainstay of many a religious revival in the past, there is more involved than merely increasing the speed of the printing presses.

Mr. Moore explains his market by drawing a circular diagram which looks like an archery target. The outer ring contains 25m Christians who go to church — mainly Episcopal and Roman Catholic churches—but who would not claim to be "born again." This means they grew up with Christianity rather than encountered Christ in some transcendental and personal way.

Inside that is a ring containing 30-35m "born again" Evangelicals who belong to what in England are called the free churches — Baptists, Methodists, Presbyterians and the like.

But the bull's eye contains the fastest growing group, the 25m "super-conservatives." These are people like the Rev. Gerry Falwell, the Baptist pastor from Lynchburg, Virgiania who founded the Moral Majority group, to lead the fight against abortion, the Equal Rights Amendment, homosexuality and a host of other Satanic manifestations.

It is the bull and outerbull of Moore's diagram where the business opportunities are growing most spectacularly.

For a start, these are people who really use Bibles. They read them and mark them so heavily, that they often need a new one each year and Nelson has created special study bibles with notes and lexicons to help them along.

The critical issue is that of biblical translation, an issue which has divided the Church since well before the Reformation.

Nelson publishes eight versions of the Bible in over 500 different styles, ranging in price from \$3 to \$80, but has had to accept the fact that the biggest selling Bible of all remains the one which King James the First of England commissioned and which was completed in 1611.

It is not just that the King James Bible is, in Moore's words, the "masterpiece of masterpieces" — in terms of style, but that most Christians in the bull's eye do not believe any other translation to be faithful. As these people believe in the "literal truth" of every word of the bible this is a matter of some importance.

Nelson's great project of the moment is its new King James version. That is not a new translation but a skilful and scholarly modernisation of the punctuation, grammar and a small number of words whose meaning has completely changed in the passage of 370 years.

The New Testament is already out as a loss leader and a device to gather reactions from the market. The whole Bible is due for release in 1982. It has cost Nelson \$4m, but the company will have copyright on the new edition.

Confidence in the new King James version is the prime reason for the market's confidence in Nelson's stock. Mr. Moore believes the new edition, plus the company's diverse other efforts at religious publishing, including the rapidly growing production of Spanish Bibles, guarantee that Nelson can comfortably deal with any liberal backlash further down the road.

For the moment, there is certainly no sign of the liberals making a comeback, either in the Church or in the nation.

As Mr. Moore says, waving his arms like an excited preacher, "When it comes to the Bible, there is no end."

Former Wells Fargo man sought in $21m lawsuit

BY DAVID LASCELLES IN NEW YORK

THE FBI is seeking a former employee of Wells Fargo Bank in California who has been charged by the bank in a civil lawsuit with perpetrating a \$21.3m embezzlement by manipulating computer systems. If proved, it would rank among the largest swindles of its kind ever seen in the U.S.

Mr. Ben Lewis, an operations officer at the bank's Beverly Hills branch, disappeared on January 23 after being questioned by auditors about apparent discrepancies on bank transactions for which he was responsible. His lawyer has denied the charges contained in the suit.

The bank alleges that Mr. Lewis operated a complicated scheme over two years which enabled him to take advantage of delays in the cheque clearing system to remove funds from the bank without triggering the alarm systems of the computer, which has several safeguards built into it to check for questionable transactions.

The bank also charges an organisation called Muhammed Ali Professional Sports Inc. and its senior officials with conspiracy

This company, which used the famous boxer's name for a fee though it has no connections with him, is alleged to have used some of the money to promote boxing fights.

Garcia Meza shuffles Bolivia Cabinet

LA PAZ — President Luis Garcia Meza of Bolivia yesterday removed Col. Luis Arce Gomez, his controversial Minister of Interior, and brought several civilians into the Government, in a Cabinet shake-up.

Five other Ministers were replaced, including those for Foreign Relations, Finance, Education and Culture, and Integration.

Sr. Mario Rolon Anaya was named Foreign Relations Minister. Sr. Jorge Tamayo becomes Finance Minister.

It is the first time civilians have been brought into the Cabinet since President Garcia Meza seized power. The changes are seen as a move to improve the image of his Government.

AP

Radar averts jet disaster at World Trade Centre

BY IAN HARGREAVES IN NEW YORK

NEW YORK nearly lost the top of its tallest building last Friday night when an Argentinian airliner came within 90 seconds of crashing into Manhattan's World Trade Centre.

The near disaster, details of which became available yesterday, occurred in thick fog and was averted by a computer memory and the quick response of a flight control assistant.

The Boeing 707 jet, with 49 passengers, was bound for New York's Kennedy Airport, but approached Manhattan at 1,500 feet instead of the 3,000 feet instructed by the control tower.

A sophisticated computer tracking device sent out an alarm signal and the controller immediately radioed a warning to the pilot.

The twin towers of the Trade Centre stand 1,350 feet tall, but one of them is topped by a television mast which reaches to 1,700 feet. The Federal Aviation Authority says the aircraft was heading lower at the time the emergency was spotted. The authority is conducting an inquiry into why the airliner was flying so low.

The computer system, known as ARTS III is one of the most sophisticated in the world. It enables a single computer control centre on Long Island to scan a 60-mile radius covering a maximum of 1,200 aircraft approaching any of New York's three major airports or the numerous small landing strips in the area.

Glyn Genin

E. Germany hints Moscow is aiding Salvador rebels

BY LESLIE COLITT IN BERLIN

EAST GERMANY has strongly suggested that the guerrillas fighting the Government in El Salvador are receiving aid in many forms from Moscow and Eastern Europe. The U.S. has alleged that Cuba, the Soviet Union and other Communist countries are supplying arms to the rebels.

An East German weekly, Weltbühne, which reflects the views of the East German Government, said anti-government forces in Latin America and elsewhere could now get aid "in whatever form and quantity they wished to succeed in their struggle."

If it were not for the Soviet Union and its allies most of the liberation movements would be "doomed to failure," the magazine added. This follows a statement earlier this week by Mr. Leonid Zamyatin, the Kremlin Press spokesman, that the Soviet Union was not supplying arms to El Salvador.

In recent years, East Germany has become increasingly open about its own material support for guerrilla movements and Marxist-oriented governments. East Germans hold advisory positions in several African countries.

The East German publication attacked Mr. Alexander Haig, U.S. Secretary of State, for claiming the guerrillas in El Salvador and elsewhere were controlled by Moscow, saying this showed an astonishing ignorance of world history.

WORLD TRADE NEWS

UK doubles exports to Iraq despite war

By Our World Trade Staff

BRITISH EXPORTS to Iraq are increasing rapidly despite the outbreak of war with Iran last September. In January, exports were worth £44m, double the figure for the same month last year.

In 1980, exports were £320m compared with £201m the year before when British trade was hit by an Iraqi embargo on new contracts with UK companies. This was in response to the expulsion of 11 Iraqi diplomats and others from Britain.

The UK has seldom had much success in winning big construction contracts in Iraq, and most exports are industrial goods, vehicles and pharmaceuticals. This has proved fortunate, since big construction projects have been worst hit by the war and the difficulties of bringing large quantities of equipment and construction materials overland through Jordan, Turkey or Kuwait.

The UK has had some success recently, however, in winning medium-sized sub-contracts such as that awarded to Paterson Candy International, a subsidiary of Portals Holdings, to supply and erect mechanical and electrical plant for the Karkh water system in Baghdad in a £54m deal.

Businessmen have found that obtaining visas to visit Iraq, never easy in the past, has not become more difficult because of the war though reaching Baghdad does involve a 12-hour journey overland from Amman. It is possible to take Iraqi Airways or Asia, the Royal Jordanian Airline to Baghdad but the foreign office advises against this.

The Iraqi government is anxious to show that the war is not impeding the country's economic development and has recently awarded a number of big contracts including that for the £621m Mosul dam.

Its reserves, estimated to be $30bn, are well able to cover the cost of imports over the next two years even though its oil exports have been cut from 3.5m barrels a day of crude before the war to about 600.000 b/d.

● Reuter reports from Tokyo: Mitsubishi and Katina have won a joint contract worth £136m to build a monument with an art gallery and library in Baghdad by November next year, according to Mitsubishi.

Baghdad resumes trans-Syria oil shipments

BY PATRICK COCKBURN

IRAQ has resumed pumping oil through its trans-Syrian pipeline to the Mediterranean at a rate of 50,000 barrels a day after a nine week interruption.

Iraq's 3.2m b/d exports of crude were drastically cut by the start of the war with Iran last September.

Its export terminals in the Gulf have been largely destroyed by Iranian attacks. Exports have recently been running at 600,000 b/d, entirely through the 1,005 kilometre pipeline across Turkey.

The Syrian pipeline was reopened with a flourish by the Iraqis on December 1 but closed after explosions at the northern Iraqi oil terminal of Kirkuk 19 days later.

Capacity of the Syrian pipeline is theoretically 1.4m b/d, but its use has frequently been interrupted over the last five years by the simmering political and financial disputes between Iraq and Syria.

It is not clear what damage has been suffered at Kirkuk, but it has been suggested that the water injection system has been hit by Iranian attacks. Syria and Iraq have agreed to pump at the rate of 50,000 b/d for a short experimental period from last Wednesday.

Last December, Iraq and Turkey signed a protocol about an increase in the capacity of the present 700.000 b/d pipeline of between 25 and 30 per cent. Iraq has also told Turkey that it is willing to discuss an increase in the present transit fee of 38 cents a barrel. The Turks have been looking for $1.20 a barrel.

Earlier this month, Japanese companies were invited to take 250,000 b/d of Iraqi crude from the Turkish Mediterranean terminal at Ceyhan and, over the past two months Italy has been receiving some 150,000 b/d.

Although the reopening of the Syrian pipeline will enable Iraq to increase exports, it is unlikely that throughput will rise much above 500,000 b/d, assuming that relations between Baghdad and Damascus do not deteriorate further and the Iranian Air Force does inflict serious damage

The reasons behind Japan's closed market

BY BEN THORNE IN TOKYO

"JAPAN MUST be pressed to open its market—Brock," runs a recent headline in Tokyo's English language Press.

Except for the attribution, it could have appeared at any time since the late 1960s when the U.S. and Europe first began to notice that their trade balances were deteriorating as Japanese exports surged while Japanese imports stagnated.

Much has happened since then—for example, Japan now claims an average tariff level below that of the EEC. Yet the *perception of many foreigners is* that the Japanese import market remains closed. Is it true, and if so, why?

The answer comes in three parts and is not as flattering to would-be Western exporters as they might wish.

Part one is that, protected or otherwise, much of Japanese industry is so strong that Western exporters are simply not in a position to compete on its home market.

Part two is to the effect that, even where the West does have *something to sell, the structure* of Japan's foreign trade does not exactly help them to sell it.

Part three concerns the "group psychology" of the Japanese business world and the obstacles which it tends to place in the way of newcomers.

Goods that the UK continues to be able to sell in Japan, despite a considerable competitive disadvantage in most mainstream British industries, range from tea to aircraft engines and include items such as wool textiles and whisky *where the Japanese have yet to* match the traditional standards of quality.

The assortment is odd, and there is not a single item that could seriously be seen as a threat to a major Japanese industry. Yet there seems little doubt that obstacles exist in some of the areas mentioned for which there is no reasonable justification.

An example is the 220 per cent Japanese duty on Scotch, which compares with 24.5 per cent on Japan's (much smaller) sales of bourbon.

More generally it is possible to point to structural features of the Japanese trading system which do not exactly help the foreigner. An important one is the "job distinction" between the large and powerful trading companies involved in exports of manufactured goods and imports of raw materials and the small "specialist" concerns which import manufactured goods.

Figures published recently by the Manufactured Imports Promotion Organisation (MIPRO) and the Japan External Trade Organisation (JETRO) indicate that about 75 per cent of Japan's imports are handled by a select group of 31 companies with (per company) turnovers of £200m or more.

At the bottom end of the scale, 7 per cent of imports are brought in by approximately 3,800 companies whose sales are less than £200.000 per year. It is the small companies rather than the big ones which, typically, specialise in manufactured goods imports. Not surprisingly, they lack the resources (human as well as financial) to make the same impact as their bigger brothers.

Another problem which bothers exporters of manufactured goods to Japan is that of tradition. The point here is that *Japan was a highly protected* market until the late 1960s and many of the mental attitudes acquired before that time seem to live on.

Customs officers, health, food and drug inspectors, vehicle inspectors, even bank officials have all been trained to apply their regulations strictly; and the regulations were all aimed at control and restrictions.

What applies in the realm of regulations also applies in infrastructure. Ports were not really designed with manufactured imports in view. There was a chaotic period in the mid-1970s when imports by airfreight almost came to a standstill because of lack of storage space and proper identification systems.

Mr. Saburo Okita (right), Japanese Trade representative, in Washington for talks with the Reagan Administration, is reported to have been asked by the Japanese aluminium industry to seek curbs on surging U.S. primary aluminium sales. U.S. exports to Japan tripled last year, hurting recession-hit Japanese smelters. They accounted for over one-third of Japanese imports of primary aluminium.

There is very little foreign comprehension of how much change is being asked of the *Japanese or how much* effort they may be putting into the adaptation of time-honoured procedures.

One way to grasp the problem is to see the "liberalisation" of Japanese attitudes to importing as something akin to the "liberalisation" of a British *shop steward's attitudes to new* technology.

One of the most peculiarly Japanese problems confronting foreigners is their much maligned distribution system. With the post-war emphasis on manufacturing and exports, the internal distribution of goods became a backwater. Efficiency was not important because high costs and margins allowed wholesaling and retailing to remain labour intensive, while industry became capital intensive.

The system was not designed to *frustrate imports*, but it hardly served to ease their entry when importing became respectable at the end of the 1960s.

The solution to most problems in the retail trade field would be to allow competitive forces to produce a shakeout. But with 25 per cent of Japan's labour force employed in retail and wholesale trade this is not an easy step for the government to contemplate.

Another frustration for Western businessmen generally is the almost impossible difficulty of making direct investments in Japan. The techniques of company acquisition do not suit Japanese attitudes which are based on consensus.

Mergers happen rarely, and usually only save a company from failure. The takeover bid for a public company, although legally possible, is something that simply does not occur. The "market method" of entry to Japan's business scene is thus effectively closed to foreigners.

The answer is that it is possible, but that there are difficulties. The largest is the recruitment of staff in a country where almost all graduates join a (Japanese) company directly from university—and expect to stay there for life. It takes a bold—or otherwise unemployable—graduate to join a foreign company that has no track record and may fail.

Most foreign companies therefore solve staffing problems by entering joint ventures with Japanese partners whose different management systems and attitudes to profit they will largely have to accept.

Different ways of doing things in fact turn out to be the key to arguments about the freedom of the Japanese market. In theory (i.e. according to GATT terminology) Japan is neither more nor less open to imports than most of the Western nations with which it trades with such overwhelming success.

In practice, it is a harder market to enter than most because of distinctive Japanese procedures.

France warns Italy over pullover imports

BY ROBERT MAUTHNER IN PARIS

M. ANDRE GIRAUD, the French Minister of Industry, has sent a letter to the EEC Commission, warning it that, in the absence of Community decisions, France would take unilateral measures against mounting Italian imports of pullovers.

The letter, addressed to Viscount Etienne Davignon, EEC Commissioner for Industry, expresses the French Government's "disappointment" with the conclusions of the Commission's report on the long-standing disagreement between France and Italy over Italian knitwear exports.

In this report, sent to the French on January 7, the Commission said it had not observed any infractions of the Treaty of Rome or practices incompatible with free competition.

In his reply, M. Giraud expressed his regret at the "incompleteness" of the report.

Rupert Cornwell in Rome writes: The French customs have imposed since February 10 what amounts to a virtual blockade of knitwear imports into the country from Italy, *which has already cost manufacturers* here an estimated L27bn (£13m) of lost sales.

According to a spokesman in Milan for the Knitwear Industry *Association, all* shipments from Italy are being stopped at customs and subjected to detailed checks to see whether the composition of the argument conforms to documents of specification. In many cases, this is taking the form of time-consuming laboratory tests.

This latest instalment of the "pullover war" between the two countries differs only in method from the previous skirmishes in autumn, 1979. Then, the French alleged that Italian companies were "dumping" cut price knitwear.

They now claim that sweaters and pullovers are not what they appear to be.

The association yesterday sent off a detailed complaint to Confindustria, the national industrialists' association, and have requested the Italian Government to register a formal protest with the common market authorities.

Italy is one of the world's biggest exporters of knitwear, with sales abroad of some L1,500bn in 1980. France, which *takes about* L300bn worth annually, is the second largest customer after West Germany.

Shell concerns in talks on Brazil project

By David Lascelles in New York

TWO Royal Dutch Shell group subsidiaries are negotiating for a stake in a large *aluminium project being constructed* in northern Brazil by Aluminum Company of America (ALCOA).

According to an announcement by ALCOA, Shell Brasil (Petroleo) and Billiton NV have signed a memorandum of understanding that will lead to detailed negotiations about the companies' joint participation in the ownership, construction and operation of the project.

An ALCOA official declined *yesterday to give any indication* of how big the participation might be.

The project, launched last August, is for a bauxite refining plant and an aluminium smelter near Sao Luis, the capital of the northern state of Maranhao, using electricity generated at a Government power project on the Tocantins river. ALCOA expects the project to cost more than $900m (£403m), and to begin operation in 1983-84.

Lowestoft group wins £3.5m Nigerian order

By Our World Trade Staff

BROOKE MARINE of Lowestoft, part of British *Shipbuilders, has won a contract* worth £3.5m to refit two naval patrol vessels from Nigeria. The contract will provide work for many employees at the yard until the end of the year.

● Grove Hydraulic Cranes of Cowley is to supply £1m of cranes to Ottman, Egypt. There is an option to provide further cranes worth £1.5m. The order, which covers 17 units from stock, was announced at the *International Construction Exhibition* in Birmingham.

● An order worth $5.2m (£2.3m), has been won by Caledonian Airmotive, the Prestwick-based aero-engineering organisation which is part of the Caledonian Group of companies.

The contract is for the overhaul of General Electric CF-6-50C aircraft engines operated by the German airline, Hapag-Lloyd.

COMPANY NOTICES

CENTRAL AFRICAN CABLES LIMITED

(REGISTERED IN ZIMBABWE)

NOTICE TO SHAREHOLDERS

INTERIM REPORT—YEAR ENDING 30 JUNE 1981

FINANCIAL RESULTS

The unaudited profits for the half year ended 31 December, 1980, compared with the half year ended 31 December, 1979, and the year ended 30 June, 1980, were as follows:

	Half-year ended 31.12.80 Z$000	Half-year ended 31.12.79 Z$000	Year ended 30.6.80 Z$000
Profit before taxation	1,583	1,535	3,319
Provision for taxation	785	719	1,575
Net profit	798	816	1,744
Shares in issue	3 000 000	3 000 000	3 000 000
Earnings per share	27c	27c	58c

The increase in pre-tax profit over that for the same period last year reflects a resurgence of demand for aluminium conducted transmission lines.

Profit after tax for the half year to 31 December, 1980 is marginally lower due to the increased provision for taxation resulting from the higher rate of advance surcharge.

The directors have been able to maintain the pattern of increased interim dividends because of the clearer outlook following the achievement of independence.

The level of business on hand is good and the results for the second half of the year should more than match those for the first half.

DECLARATION OF INTERIM DIVIDEND

Notice is hereby given that an interim dividend Number 33 at the rate of 13 cents (1979 — 10 cents) has been declared by the directors payable in the currency of Zimbabwe to shareholders registered in the books of the company at the close of business on Friday, 27 March, 1981. Dividend warrants will be posted on or about 30 April, 1981. The transfer books and register of members will be closed from 28 March, 1981 to 10 April, 1981 both dates inclusive.

In the case of shareholders whose addresses in the share register are outside Zimbabwe, the payment of this dividend is subject to exchange control approval and to non-resident shareholders' tax of 20 per cent.

By order of the Board
W. R. Galbraith, *Secretary*

Lytton Road, Workington
Salisbury
25 February, 1981

THE LOAN ASSOCIATION OF SEVEN MUNICIPALITIES OF GREATER COPENHAGEN

5¾% 1964/1984 UA 10.000.000

Bonds for the amount of UA 707.000 have been drawn for redemption in the presence of a Notary Public on February 13, 1981.

The Bonds will be reimbursed cum Coupon No. 18 on and after April 15, 1981.

The drawn Bonds are those NOT YET PREVIOUSLY REDEEMED, included in the range beginning for:

Bonds of nominal UA 1.000: at 2784 up to 3738 incl.

Bonds of nominal UA 250: at 12207 up to 13020 incl.

Amount unamortized: UA 2.704.000.

Amount purchased: UA 100.000.

Outstanding drawn Bonds:

Bonds of nominal UA 1.000: 30 and 31, 71 to 74 incl., 85 to 109 incl., 115, 121 to 123 incl., 125, 134, 136, 143 to 145 incl., 302 6857 and 6858, 6860, 6866 and 6867, 6884, 6945 and 6946, 6987 to 6991 incl., 7001, 7560, 7586, 7600, 7622, 7665, 7680, 7684, 7724, 7758, 7805, 7891, 7915, 8064, 8119 to 8121 incl., 8126, 8155, 8158, 8161, 8258, 8317 to 8319 incl., 8333, 8328, 8401, 8444, 8460, 8479, 8505 and 8506 incl.

Bonds of nominal UA 250: 8819, 8886 and 8887, 10241 and 10242, 10316 to 10319 incl., 10334, 10371, 10885, 11159 to 11164 incl., 11183 to 11194 incl., 11197 to 11204 incl., 11223 to 11226 incl., 11233 to 11240 incl., 11394, 11396 to 11398 incl., 11434, 11468 to 11479 incl., 11497, 11503, 11505, 11511, 11559 to 11563 incl., 11604 to 11607 incl., 11793 to 11796 incl., 11837, 11839 to 11841 incl.

Luxembourg, February 27, 1981.

The Trustee,
KREDIETBANK
S.A., Luxembourgeoise.

Newspaper employers criticised by report

By Alan Pike

THE BRITISH newspaper industry represents an "extreme case of the employers' renunciation of the right to manage in the face of union pressures," according to a report published yesterday by the National Institute of Economic and Social Research.

Operation of the economies of scale in the British industry have not produced the productivity gains which might have been expected, says the report, which compares the British industry with those of the U.S. and West Germany.

Britain, with its heavy concentration of population around the capital, has the largest national daily newspapers and the largest newspaper plants.

But, while acknowledging tha tproductivity in the printing industry is difficult to measure, the report concludes that in terms of newspaper tonnage processed per employee, Britain's productivity appeared to be "under half that of Germany and of the United States."

About the same total tonnage of newspaper is processed in Britain as in Germany; but the British industry has more than twice as many employees.

Productivity gains which might have been expected to arise from the large circulations of British national newspapers had not been achieved. There had also been a greater delay in Britain in adopting new production techniques which would allow considerable cuts in manning levels.

"In contrast to Germany and the United States, disputes on manning levels are far from resolved in Fleet Street."

The report acknowledges, however, that in each of the countries etxamined unions have over the past two decades strongly resisted the introduction of computerised printing

Serious over-manning in Britain's newspaper industry has been apparent for many decades, says the report, with the unions in effect acting as labour contractors.

The Newspaper Industry in Britain, Germany and the United States, by Karin Wagner. National Institute of Economic and Social Research and International Institute of Management, Science Centre, Berlin.

National Institute Review, Page 16

Crossed wires cause confusion at The Observer

Ray Perman reports on anxieties over the Lonrho purchase

A FRISSON of fear must have gone through the staff of The Observer, Britain's oldest Sunday newspaper, on Wednesday night when, for a brief period, they contemplated the prospect of being owned, controlled and even published from Scotland.

In the hours that followed the surprise disclosure that Lonrho had acquired The Observer from the U.S. oil group Atlantic Richfield, news agency reporters searched for a comment on what it might mean for the paper.

They alighted on Sir George Bolton, a deputy chairman of Lonrho, who was unequivocal about the implications. The Observer would be run from Glasgow, where Lonrho's subsidiary, George Outram and Co., prints the Glasgow Herald and Evening Times. African coverage would assume a new importance in the paper's international reporting, reflecting Lonrho's interests there and, most ominous of all from The Observer's viewpoint, the "editor of the Glasgow Herald will have as much say in its running as anyone."

By yesterday morning other Lonrho directors, including the chairman, Mr. Roland "Tiny" Rowland, had acted decisively to quell those fears. Editorial control of The Observer would remain in London, it would continue to be printed at Blackfriars and African reports would take their proper place in the international news values of the paper's foreign pages.

Sir George's comments, it seems, had been his own off-the-cuff views and did not reflect those of the Lonrho board. Nor did they hide a sinister editorial coup by Outram journalists. The editor of the Glasgow Herald—when he is appointed, since the job is presently vacant, will have his own problems to solve, without worrying about those of The Observer.

Making The Observer part of Outram is merely an administrative convenience which owes more to Mr. Rowland's long-standing ambition to own a national newspaper than to the expansionist plans of the provincial group, which Lonrho acquired in 1979 when it bought Outram's holding company Scottish and Universal Investments (SUITS).

Outram is continuing with its own plans, in particular the launch of a new quality Sunday paper for Scotland, the Sunday Standard, the first issue of which will appear on April 26. Mr. Charles Wilson, editorial director of Outram was emphatic yesterday that plans for the paper, which he will edit, are unaffected by the sudden arrival of The Observer as a stablemate.

The Standard will in fact compete with its new sister for A, B and C1 class readers in Scotland and will aim to offer news, analysis and comment of equal quality, although with a Scottish dimension.

"It would be ambitious to think that people will stop buying the London Sundays to buy us," Mr. Wilson said. "Initially we will be double bought. If we take readers from anybody, it will be from the lower end of the market where papers have been getting readers by default because there has been no quality Scottish Sunday until now."

The commercial justification for launching the new paper is the better utilisation of the publishing works in Glasgow which Outram bought two years ago and has spent £10m refurbishing and equipping with computerised type setting. Unions, who gave their agreement for the new paper last week, were told that the Herald and Times could lose £1m this year and that substantial redundancies would be necessary if the new project did not go ahead.

The initial target circulation for the Scottish Standard is a modest 175,000, but it will be entering a highly competitive market. Under their new owners, the Sunday Times and the Observer will be fighting to keep and expand their readership, while the Sunday Express will launch a colour magazine in April to try to boost its flagging circulation. Closer to home, Outram's arch rival the Edinburgh-based Scotsman group, owned by Thomson Regional Newspapers, has already produced dummies of a Sunday paper, provisionally entitled the Sunday Nation.

The Scotsman has been working towards a possible launch date in the autumn, but—if it can secure the support of its journalists—may attempt a pre-emptive strike and be on the streets in March, a month before the Scottish Standard.

Newspaper sale needs Government consent

By Alan Pike

Government consent will be required for Lonrho to obtain control of The Observer, Mr. William Whitelaw, Home Secretary, told MPs yesterday.

Lord Duncan-Sandys, chairman of Lonrho, and representatives of The Observer management met Department of Trade officials yesterday and confirmed that the proposed change in ownership of the newspaper was subject to Government consent.

Mr. Whitelaw, answering questions for the Prime Minister, told the Commons later that "on the information we have now the Government believes that consent will be required."

Since no application for permission to transfer ownership had yet been received, said Mr. Whitelaw, the question of possible reference to the Monopolies and Mergers Commission was premature. The recent takeover of Times Newspapers by Mr. Rupert Murdoch's News International was not referred by the Government to the commission.

Mr. Roland "Tiny" Rowland, chief executive of Lonrho, yesterday held meetings with representatives of The Observer's managers and journalists.

Lonrho said in a statement that George Outram and Co., which it is proposed will take over The Observer from Atlantic Richfield, had "no intention" of moving the newspaper's London printing works.

Rum agreement

AN INTERIM agreement was reached yesterday in a High Court dispute over the alleged substitution of Courage's Dry Cane rum for Bacardi white rum.

Four Courage operating companies undertook not to supply any other product in response to an order for "Bacardi" or "Bacardi rum," without explanation to, and assent by, the customer, pending a full trial of the dispute, in which Bacardi alleges "passing off" and breach of contract.

Wordprocessors fail

The use of wordprocessors does not result in any dramatic improvements in productivity over conventional electric typewriters in general typing work, a study of their use in government typing pools suggests.

The study, conducted by the Government's Central Computer and Telecommunications Agency, found that productivity would have to increase by between 43 and 72 per cent to justify wordprocessors on cost grounds.

Aid for tourism

THE English Tourist Board hopes to announce fairly soon a tourist project funding service aimed at helping desirable projects find the funding they need from whatever sources are available.

Meanwhile the latest Jordan Financial Survey of tour operators and travel agents says profits in the travel business are likely to fall in 1981 but some companies, including Horizon and Saga, are likely to do well.

British Airways is cutting advance purchase "Earlybird" fares between the UK and Bermuda by as much as £109 from April 1, and reducing the "minimum stay" requirement from 14 to seven days.

Air traffic affected

AIR TRAVEL to and from the UK continues to be affected by the recession. During January, total traffic at the seven airports run by the British Airports Authority was down slightly on the same month last year, at 2.8m passengers. However, the 12 months' figure to the end of January of close to 42.8m passengers was slightly above the level of the comparable 12 months ended January, 1980.

Britannia Airways forecast yesterday that air travel for leisure purposes would continue to grow rapidly into the 1990s at the expense of air travel for business passengers.

Engineering closure

YARROW, the Clyde engineering group, is to close its subsidiary Yarrow Engineers, which employes 100 workers, due to "substantial losses" in the past 30 months.

Boilermakers ready

BRITAIN'S recession-hit boilermakers could easily cope with orders worth an additional £100m a year for converting industrial plant from oil to coal once investment was forthcoming, NEI International Combustion said yesterday.

Mr. David Howell, the Energy Secretary, told miners' leaders on Wednesday that conversion of oil-burning plant by industry was "the quickest and most direct route" to stimulating demand for coal.

Battery plant planned

YUASA BATTERY, a leading Japanese maker of storage batteries will open a plant in South Wales next year if residual differences over selective financial assistance from the British Government can be resolved. The plant will employ 140 at first and about 270 by 1984. The cost of the project is estimated at about £8m.

Record £850m oil revenue tax cheque to be signed by BP today

BY RAY DAFTER AND PETER RIDDELL

BRITISH PETROLEUM's chief cashier will today make out a cheque to the Inland Revenue for about £850m. It will be the country's biggest single tax payment.

The money is part of between £1.3bn and £1.4bn of Petroleum Revenue Tax due from the offshore oil industry by Monday.

The Bank of England has already acted to prevent disturbances in the money markets and upward pressures on short-term interest rates because of the large drain of funds out of the banking system. This has been done by a temporary reduction from 10 to 8 per cent of the reserve assets ratio of the banks, releasing over £1bn.

The bulk of the payments fall on companies with interests in the North Sea's Forties, Piper and Claymore fields. BP, as the sole interest in the profitable Forties venture, will again bear the brunt of the payments. Six months ago it provided £777.4m of the £1.1bn payment—the first of two instalments during the 1980-81 financial year.

It is expected that about £375m of Petroleum Revenue Tax is about to be paid by companies with interests in the Piper/Claymore fields — Occidental (36.5 per cent), Getty (23.5 per cent), Allied Chemical (20 per cent) and Thomson Organisation (20 per cent).

Stockbrokers Wood, Mackenzie say payments are also due from companies involved in Beryl and Dunlin field developments.

The expected payments will take the total for 1980-81 almost to the level of £2.5bn projected in the March 1980 Budget. This compares with £1.4bn in the previous financial year. A further big rise is expected in the 1981-82 financial year starting in April.

The monetary implications of such a large transfer from the private sector to the Exchequer are uncertain.

Oil companies are known to be large buyers of certificates of tax deposit, an interest paying investment available to a wide range of taxpayers. Consequently a large amount of money may already have been switched to the public sector in this form before the certificates are surrendered on Monday to pay the tax.

Nigeria to give BP oil worth £56m

BRITISH PETROLEUM is to receive crude oil worth about £56m—about 3.2m barrels (435,200 tonnes) — from Nigeria as compensation for the BP interests nationalised in 1979, Ray Dafter writes.

A compensation agreement was signed in Lagos yesterday by senior officials of BP and the Nigerian National Petroleum Corporation. A joint statement said the deal settled the issues relating to the nationalisation of BP's marketing company, BP Nigeria, and the takeover of the company's 20 per cent stake in the former Shell/BP oil production venture with NNPC.

The way is clear for BP to negotiate for a fresh supply contract with the Nigerians. As a result of a loss of substantial supplies from traditional areas like Nigeria and Iran, BP is forced to meet about 15 per cent of its oil needs by short-term deals and spot market transactions.

Before the nationalisation BP was lifting 375,000 b/d from Nigeria and expecting the average for the year to be about 250,000 b/d.

John Wood wins £13m Shell contract

By Ray Dafter, Energy Editor

SHELL UK Exploration and Production has placed a £13m offshore oil contract which should safeguard employment for about 400 people over the next two years.

The order has been placed with John Wood Group Engineering of Aberdeen and involves work on a number of operational installations.

It is believed to be the largest offshore modifications contract yet awarded in the North Sea, and also the largest such awarded to a company from the north-east of Scotland.

● Stevensons (Dyers) of Ambergate, Derbyshire, is to install Britain's first industrial combined heat-and-power system incorporating fluidised bed coal burning technology.

The Department of Energy, which is backing the project, said the system would produce substantial energy savings.

About £710,000 is being invested in the project, a quarter contributed by the Energy Department under its Energy Conservation Demonstration Projects Scheme.

The latest National Coal Board technology is being incorporated in the fluidised bed which will accept normal commercial coal sizes.

Supply problems

● A warning that the UK could face oil supply problems in the 1990s without an immediate and effective North Sea depletion policy is contained in the latest edition of stockbrokers James Capel's World Energy Review.

The authors, Mr. John Chesshire and Mr. Gordon MacKerron of Sussex University's Science Policy Research Unit, say that without a new depletion policy the country's "re-entry" problems to returned oil import dependence in the 1990s are likely to be severe.

The Energy Department is working on depletion options to take over from the existing "Varley Assurances" which expire next year. The authors say that without a new depletion policy which would control output in the 1980s there would be a "rapid and disruptive" fall-off in North Sea production in the 1990s.

● The Bravo platform on Shell/Esso's Brent Field, which was shut down last week after an explosion in a power unit, is expected to begin producing oil today or tomorrow.

Citizens Band radio to be legal this year

BY MAURICE SAMUELSON

CITIZENS' BAND radio has been given Government approval and is expected to be introduced in the autumn.

The decision, announced yesterday by Mr. William Whitelaw, the Home Secretary, follows a prolonged campaign by CB enthusiasts to bring Britain into line with other European countries and the U.S.

The personal two-way service will be authorised on a high-frequency FM (frequency modulation) wavelength and a further medium wave will be available. Equipment will have to meet technical specifications and users will have to buy a licence.

The announcement came in a written answer to Mr. Patrick Wall, the Conservative MP who is chairman of a Parliamentayr committee which has been campaigning for the legalisation of CB.

It is expected to start a boom in sets. They will cost £50 to £100 and will mostly be used by motorists.

The service will be authorised on 27 MHz FM, the standard European system and a further frequency will be made available around 930MHz.

Mr. Wall said he hoped the Government would give an amnesty to the many users of 27 AM (amplitude modulated) equipment, which has not been authorised. The Government estimates there are 63,000 such sets in use but Mr. Wall puts the figure at nearer 250,000.

The National Campaign for the Legalisation of Citizens Band qualified its welcome with disappointment at the choice of frequency. It would have preferred one of the 41 MHz wavelengths used for the old black and white television sets and which are due to be phased out.

It also said it would be difficult for the authorities to tell which frequency sets people were using.

British manufacturers are even less enthusiastic. The authorisation of 27 MHz sets, they fear, will open the way to a flood of foreign-made equipment. Japan in particular has specialised in sets using these high frequency wavelengths.

Philips Industries said the legalisation of 27MHz favoured the Japanese and was "no good for any UK manufacturers." Pye Telecommunications, a Philips subsidiary, specialises in the dearer kind of equipment currently used in police cars, taxis and abulances, and which uses far lower frequencies.

Retailers, however, welcomed the decision. Lasky's, the hi-fi and audio dealers, thought it could unleash a two-year boom in CB sets which would then find its own level, as happened after the initial rush to buy pocket calculators.

Silver gilt cup fetches £39,000 at Sotheby's

SALEROOM

BY ANTONY THORNCROFT

AN ELIZABETHAN silver gilt standing cup and cover, made in London in 1598, sold for £39,000, comfortably above forecast, at a Sotheby's English silver sale yesterday. The buyer was S. J. Phillips, the London dealer, which admitted bidding on behalf of a group of dealers. The sale totalled £366,604, with a reasonable 11.5 per cent bought in.

A Paul Storr large campana-shaped two-handled cup, 23½ ins high, of 1834, was also above target at £17,500, and a set of 12 George III circular dinner plates, also by Storr, but dating from 1815, sold for £10,500. Koopman bought a similar set for £10,000.

In the first auction devoted to cheques, organised by Stanley Gibbons in association with James of Norwich, one of the earliest surviving British cheques, dated 1664, sold for £260. A cheque signed by Shaw in 1940 made £160, against an estimate of £60, and two cheques issued by Foster Lubbock Bosanquet in 1787, for £10,000 and £5,000, also far exceeded their forecast at £160 and £90 respectively. Prices began as low as £2.

In the Impressionist and modern pictures sale at Christie's in New York on Wednesday Le petit fils à la barriere, by Soutine made the top price of £23,727. Marie Laurencin's Femme au chatte went to a Japanese dealer for £22,727, and a Utrillo Parisian scene made £20,454.

Edmund Penning-Rowsell writes: Christie's Bordeaux wine sale yesterday was dominated by the disposal of over 300 magnums and 125 dozen bottles of 20 vintages—from 1936 to 1977—from the cellars of the well-known Pomerol estate of La-Fleur-Pétrus. The 1947 fetched £370 per dozen, 1953 (£210 per dozen), 1970 (£120 per dozen), 1971 (£115 per dozen). The cellar total was £17,752.

Wytch Farm produces a bonus of natural gas

BY RAY DAFTER, ENERGY EDITOR

BRITISH Gas Corporation is receiving a bonus of gas supplies from its Wytch Farm oil field in Dorset.

The field, jointly owned by British Gas and British Petroleum, produces 4,000 barrels of oil a day which gives sufficient output of gas to justify commercial collection.

As a result British Gas—the operator of the field—is collecting some 250,000 cu ft of natural gas (methane) a day and feeding it into its distribution system.

The corporation said yesterday the Wytch Farm could supply nearly 1,000 homes using gas for full central heating, hot water and cooking.

And there is a prospect for an even higher production of gas. Current production is from a reservoir about 3,000 ft deep, but a larger reservoir has been discovered at a depth of some 5,000 ft.

Meanwhile new Government figures show the price of gas to British industry rose by 42 per cent during 1980. The real increase, allowing for inflation, was 36 per cent.

The increases were greater than for any other fuels sold to industrial and domestic customers.

The Department of Energy publication Energy Trends shows, for instance, domestic gas prices rose 22 per cent, or 7 per cent in real terms.

Other price increases (with real movements in parenthesis) were:

● Industrial—coal, 18 per cent (13 per cent); heavy fuel oil, 26 per cent (20 per cent); electricity 26 per cent (21 per cent).

● Domestic—coal and coke, 26 per cent (10 per cent); electricity, 31 per cent (15 per cent); heating oils, 21 per cent (6 per cent); fuel oil and light oil, 27 per cent (11 per cent).

However, petrol prices failed to keep pace with inflation. Prices rose by 12 per cent, which represented a 3 per cent drop in real terms.

Total inland energy consumption on a primary fuel input basis was equivalent to 329.4m tonnes last year—a 7.4 per cent drop on 1979 energy demand and the lowest level since 1975.

Unions and Ministers have learned from previous disputes, writes Philip Bassett

Civil Service strike strategists recall 1979

STRIKE ACTION by civil servants, unthinkable a decade ago, is no longer a new phenomenon.

Two years ago, during the 1978-79 "winter of discontent," the two largest Civil Service unions mounted an effective campaign of industrial action which considerably disrupted Government and business cash flaw.

The action, coupled with Post Office strikes later in the year by the same two unions, was one of the factors blamed by Sir Geoffrey Howe, the Chancellor, for the rise in the public sector borrowing requirement and consequential increase in Minimum Lending Rate.

What is new about yesterday's decision by the Council of Civil Service Unions to call a one-day strikeon March 9—the day before the Budget—and a subsequent campaign of selective and lightning strikes, is that for the first time all nine unions and all 530,000 white-collar staff in the service will be called on to take part.

The issue is much the same as in 1979. Then the Civil and Public Services Association and the Society of Civil and Public Servants were trying to ensure payment in full of rises shown due to their members under the service's pay research comparability system.

Now, with that system unilaterally suspended by the Government, all nine unions are trying to push up a pay offer of 7 per cent and to ensure that some form of settled and fair system of pay determination for the service is established for the future.

The unions consider that the money offered is unsufficient to match the 15 to 19 per cent they believe the suspended pay research system would have shown due, and that the formula offered by the Government as a basis for future settlements is inadequate.

The Government, for its part, is stating firmly that 7 per cent is the maximum it and the country can afford within a 6 per cent cash limit, and that while the formula is imprecise at present, its details can be established in time.

Politically, the feeling in Whitehall is that following its submissions first to the miners and then to the water workers, the Government has to take a stand. Not only are the civil servants next in line, but their assumed unpopularity makes them an easier target.

The unions' aim this year, if the strikes go ahead, will be the same as in 1979: to put pressure on the Government by dislocating revenue and to a lesser extent spending, while attempting as far as possible to avoid hitting the public in such delicate areas as the payment of unemployment and social security benefits.

The tools the unions will use to achieve this will also be the same as in 1979—computers. The rapid increase in the use of computers for administrative work in the Civil Service and, by definition, their centralisation, has provided civil servants with considerable industrial muscle.

The unions will be able to halt the flow of revenue to the Government by pulling out small numbers of their members who control the computers which manage the revenue input. Less than 2,000 staff have the power to throw the switches, and by using selective strikes to pull out only small numbers the unions can fund the action for some time.

The full list of selective strikes will not be announced by the unions until the day of the one-day national strike, in order to avoid providing the Government with ammunition.

However, to achieve maximum disruption, the unions seem to have little choice but to call out staff working with:

● the Value Added Tax computer at Southend, which collects well in access of £800m a week in revenue and controls repayments to traders totalling about a fifth of that;

● the Paymaster General's computer at Crawley, which authorises all Government payments for supplies and services, maintains Government accounts and prepares public expenditure analyses for the Treasury; and

● the PAYE computers at Shipley in Yorkshire and Cumberland in Scotland, which each process the collection of some £230m a week in tax from employers.

The control of benefit payments may for the first time be affected. The unions may pull out staff at the Department of Health and Social Security computer at Newcastle.

The staff involved, though, are likely to deal normally with the accounting of the benefit payments.

Staff taking selective action will be guaranteed 85 per cent of normal gross pay. The unions estimate they can fund the action for 15 weeks if necessary.

Those calculations could be thrown out, though, if the unions have to make strike payments to staff who are suspended from work without pay for failing either to work normally or take over work normally done by strikers.

This caused the two unions considerable difficulty in 1979, and this time the emphasis will be on flexibility, to deprive the Government of the excuse to suspend large numbers.

The Government has also learnt from the tactics of two years ago.

Foremost among its contingency plans are proposals to hit the unions financially by stopping the check-off system by which union dues are automatically deducted from salaries.

The unions point out, however, that it is their members who would be asked to reprogram the computers to halt the check-offs, and say they are in any case prepared to collect dues by hand if necessary.

Government officials are also considering switching staff from non-strike bound areas to affected areas in order to maintain operations. There are considerable technical difficulties in this, which the unions believe may be too great to be overcome.

The Treasury Solicitor's department has also been considering the legal aspects of going beyond suspensions to dismiss striking staff. While civil servants have no formal contracts of employment to break by striking, the Government is considering whether failing to keep to their conditions of service might be construed in the same light.

Some fleshing out of the formula for future pay deals and some increases in the money on offer — possibly by means of taking up projected underspending on pay or switching money from other cash blocks—may yet be enough to halt the planned strikes. However, the prospect is growing of a test both of the financial strength of the two sides and of the Government's resolve.

Solicitors raid offices unaware of court order

By Jason Crisp

SOLICITORS REPRESENTING a U.S. electronics company have raided a small British computer software company after a High Court hearing of which it had been unaware. They demanded entry and inspected commercial documents at seven offices of Telecomputing, based at Oxford, on Tuesday.

The High Court also effectively froze $500,000 (£224,000), later reduced to $350,000, of Telecomputing's assets. Yesterday, Telecomputing said it is seeking to have the orders lifted.

The orders were made in the Commercial Court on Monday by Mr. Justice Mocatta. The hearing took place without Telecomputing's presence or knowledge.

Last week, in separate litigation, Telecomputing settled out of court a £12m action it had taken against ICL, the computer group. The settlement has not been disclosed, although it probably exceeds £500,000.

The action which allowed solicitors to enter Telecomputing's premises, inspect and record documents as well as freezing the companies assets, was brought by Cameron Markby, city solicitors acting for ECS Microsystems, a Californian company.

ECS Microsystems has been supplying computer equipment to Telecomputing which has refused payment on equipment valued at $450,000, which it alleges is faulty. Last week, Mr. Martin Hedson, Telecomputing's lawyer, filed a claim for damages against ECS in a Californian court for $12m.

The order by which ECS Microsystems gained access to Telecomputing's premises and the right to inspect documents is known as an Anton Piller. It is being increasingly used particularly by the music and computer industry in copyright cases.

An Anton Piller order — heard in camera—enables a solicitor to enter the defendant's home or office without notice to look for material which is alleged either to infringe the plaintiff's copyright or constitute unfair competition. That order was subsequently lifted after Telecomputing saw a judge in chambers.

An Anton Piller order—introduced in recent years by High Court judges and not contained in any statute—is intended to pre-empt possible disposal of evidence.

Another order against Telecomputing — known as a Mareva injunction — is also slightly unusual but coming into increasing use. It is used to prevent a company or an individual removing assets outside the court's jurisdiction. Telecomputing's holding company is based in Gibralter.

ECS Microsystems began supplying Telecomputing with computer equipment from Australia in 1977. Early last year the company moved its manufacturing to California and was backed by a group of venture capitalists. In July, Telecomputing made a number of warranty claims, alleging the goods were faulty. In December it refused to pay for $450,000 of equipment supplied.

The founder of ECS Microsystems, who still holds just over 40 per cent of the equity, has returned to Australia. After visiting him in Sydney, Mr. Hodson flew to California to buy a substantial interest in the company with the money from the ICL settlement.

Telecomputing, however, is unable to buy the founders' stake because its assets have been effectively frozen. Purchase would almost give it control since it already has 5 per cent of ECS. On Monday unless there is a further order Telecomputing is to return all the unsold computer equipment supplied by ECS that is still in its possession.

Top scientists campaign against chemical weapons

BY DAVID FISHLOCK, SCIENCE EDITOR

A BRITISH campaign to prevent the proliferation of chemical weapons is being backed by leading medical scientists.

The campaign organisers, the Russell Committee against Chemical Weapons, fear the possibility of a new chemicals arms race, claiming that it could impose severe constraints upon research in the life sciences "by altering the priorities and directions of research programmes."

Among those supporting the campaign are Professor Fred Sanger, Britain's latest Nobel prizewinner, and Sir Peter Medawar, named for the Order of Merit earlier this month.

The Government should reject any attempts to persuade the Minstry of Defence to rebuild its stockpiles of chemical and biological weapons, which Britain abandoned in the mid-1950s, the campaign's organisers say.

The Ministry of Defence has recently closed its Microbiological Research Establishment at Porton Down, Wiltshire, retaining a research group of only 25 as part of the neighbouring Chemical Defence Establishment. The brief of this establishment is to study defence measures against all forms of chemical and biological attack. Its research includes prophylactic drugs and physical means of protecting servicemen if attacked by chemical weapons.

Intelligence reports that the Soviet Union is stockpiling large amounts of chemical weapons—including hydrogen cyanide—in Europe have led to growing pressure on the U.S. and British Governments to build up NATO stockpiles in Europe.

The military argument for matching enemy stockpiles, is that, simply by threatening to use its chemical weapons the Soviet Union could severely hamper NATO forces, by obliging them to don the "NCB suit." This is designed to protect against nuclear radiation and chemical and biological agents.

Unilateral stockpiling by the Russians "can keep us jumping," one British defence scientist put it.

A report in the Washington paper Defense Week says that the U.S. Army's Chemical School at Fort McClellan, Alabama, is designing binary chemical warheads for the ground-launched cruise missile and the Lance batterfield support missile.

NATO forces in Europe are already being equipped with both missiles, armed with high explosive and tactical nuclear warheads. The binary chemical warheads are intended to allow two relatively innocuous chemical agents to react when the weapon is on its way to the target, producing a nerve gas, but minimising the dangers to those who fire it.

Defense Week quotes a Pentagon memo to Congress saying that "several binary agent conceptual designs" for nerve gas delivery have been evolved for these missiles. It also discloses that the U.S. has developed a new military gas mask as part of a programme on chemical warfare which cost £41m last year, divided equally between research and procurement.

Report aims to help young find jobs

BY ALAN PIKE

A RESEARCH report aimed at providing the Careers Service with more effective information about local labour markets at a time of high youth unemployment is to be presented to the Department of Employment later this year.

The study is examining methods which the service uses to contact employers, the type of information it receives and the means of using it.

It is hoped that the project will identify ways in which improved information on local labour markets can assist in guidance and placing work and be used in careers teaching.

Another project in operation in 14 English local authorities is attempting to make contact with young people who fail to register with the service, to help them to find employment, training or enter the Youth Opportunities Programme. Concern has been expressed about non-registration of young black people.

The Careers Service annual report for 1979-80, published yesterday, demonstrates that while total unemployment increased by about 50 per cent between September, 1979 and September last year, unemployment among young people went up by about 75 per cent—from 132,500 to 232,500.

The Manpower Services Commission is expanding the Youth Opportunities Programme this year. Another 200 Careers Service posts are being funded from April to assist with this.

The Careers Service. 1979-80 Department of Employment Careers Service Branch.

Jobless 'do seek work'

BY JAMES McDONALD

PEOPLE STAY unemployed because of circumstances, not because they have made little effort to find work, says a report published today by the Policy Studies Institute.

"Those who have been unemployed for a long time are just as active in looking for work as those who became unemployed recently," says the report, "Unemployment and Racial Minorities."

The report is based on a national survey carried out between May and July last year by the institute and financed by the Employment Department and the Manpower Services Commission.

The survey covered 2,450 men and women, including 1,550 members of ethnic minority groups, who were registered as unemployed.

It was found that people in the poorest and worst-paid jobs were most likely to become and remain unemployed. Minority group workers were found to be more likely to be dismissed than white people and they were more likely to accept a new job that was less satisfactory than the old one.

On training and temporary employment programmes, the report says only 15 per cent of white teenage boys who are out of work have been accepted for a Government training course.

The report found that nearly one-fifth of Asian unemployed men were out of work because they had made a trip to their country of origin.

"Unemployment and Racial Minorities," by David J. Smith, Policy Studies Institute, 1 Castle Lane London SW1, £5.

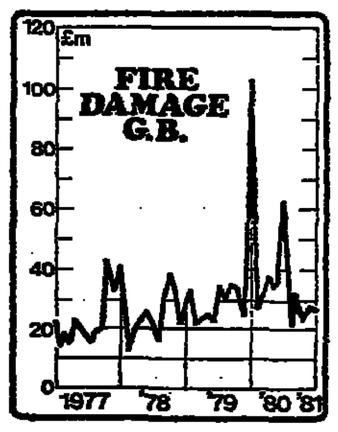
Fire figures still falling

BY ERIC SHORT

FIRE DAMAGE costs continue to decline from the high levels reached in the first half of last year, according to figures issued yesterday by the British Insurance Association. January's figure, normally a high one, showed little change from December, with damage amounting to £28.3m compared with £28.5m.

Fire damage in January of last year amounted to a record £103.5m, with the fire at the British Aerospace warehouse at Weybridge costing £72.5m alone. This January's costs are lower than costs for the corresponding month in the previous four years.

But the high incidence of major fires continued last month with four fires costing more than £1m. This has been a notable feature in the past four years with 43 such fires last year. These major fires in



January, headed by the £4m fire at the Shell chemical plant at Stanlow, Ellesmere Port, and a £3m fire at British Petroleum's oil refinery at Llandarcy, South Wales, cost £11m overall—accounting for nearly 40 per cent of last month's damage.

Hansard error misled Minister on council cash

By Robin Pauley

MISTAKES in the publication of local authority finance statistics led to Mr. Tom King, Local Government Minister, giving incorrect expenditure figures for 14 councils in England and Wales in a Parliamentary reply. Two of the figures were wrong by more than £1m.

Mr. King was asked by Mr. Allan Roberts, MP for Bootle, to publish all the revised 1980-1981 expenditure plans for local authorities on the same basis as the original budget plans which had been published earlier by the Chartered Institute of Public Finance and Accountancy.

The figures given by Mr. King and published in Hansard showed that the exercise had not succeeded in achieving spending reductions.

Tables published in the Financial Times showed the extent of the failure, and identified a number of councils which had increased their expenditure figures in the second budget compared with the first.

One of the most serious errors was for the London Borough of Hammersmith and Fulham which was given a figure of £47.73m instead of £46.117m. Bromley was given £84.933m instead of £84.447m.

Mr. King has put the corrected figures into Hansard and the Environment Department has apologised for the embarrassment caused to councils which were given wrong figures in the first place.

It is not clear whether the errors were the result of printing mistakes in Hansard or of incorrect information being fed into the computer, or both.

OFT's Raleigh report to test Competition Act

THE OFFICE of Fair Trading is today expected to publish its long-awaited report into the trading practices of TI Raleigh Industries, the Nottingham bicycle manufacturer which refuses to supply discount retailers.

The OFT's report will be the first practical test of the Government's commitment to improve competition between companies and the complex investigation machinery for carrying this out.

But already the effectiveness of this procedure is being called into question.

The inquiry into Raleigh's refusal to supply cut-price retailers with its main brand of bicycles has taken over six and a half months to complete, even though Raleigh has made no secret of its policy of refusal to supply.

Moreover, it could even be another 12 months before the Monopolies and Mergers Commission has determined the public interest. The shortest time for a result is seven months.

The inquiry into Petter Engineering's trading practices, announced at the same time as the Raleigh investigation, has also become almost completely bogged down within the OFT.

The number of potential investigations has also been considerably lower than even OFT officials had first hoped.

The lack of public activity over the new Competition Act is in direct contrast to the Government's aim on taking office. Within weeks of the election victory, the Trade Secretary had announced plans to scrap the much-hated Price Commission and replace it instead by an investigation procedure involving both the OFT and Monopolies Commission.

Competition, it was argued, was a more effective weapon in controlling unnecessary price rises than the cumbersome mechanism of price control.

To speed the introduction of the new procedure, the proposed legislation was kept as short as possible and the definition of anti-competitive practices carried out by single companies deliberately left vague.

As with most legislation, the Competition Bill took longer

DAVID CHURCHILL describes the delays which have hindered the Government's attempts to improve competition

than expected to become law, finally reaching the statute book last April.

It took another four months for the various enabling orders to be drafted and laid before Parliament

However, once it had the power to do so, the OFT acted with alacrity and announced the first two investigations last August, into Raleigh and Petter. A further two were expected to have been announced shortly afterwards, with about 16 started and completed in a full year.

That timetable was based on the fact that the Price Commission had assembled more than 40 reports in its two years of existence.

Things then began to go wrong for the OFT. Assembling the evidence on the first two inquiries took much longer than expected, with Petter especially proving not over-anxious to help the investigators.

The OFT also found it more difficult than expected to find other potential anti-competitive practices to investigate.

It was not until December that the third inquiry into a single company was announced. That, into the Sanderson wall coverings company, also involved allegations of refusing to supply cut-price retailers.

The OFT was also not helped by the onset of the recession last year since it was obviously more difficult to launch major investigations into companies' trading practices at a time when many were fighting to stay in business.

But many other companies are still adopting anti-competitive practices. The OFT has received details not only from aggrieved companies but also from groups such as the Consumers' Association.

The Department of Trade is understood not to be worried by the delays, arguing that any new system will take time to operate fully. Ministers also point to the use of the Competition Act to refer the nationalised industries to the Monopolies Commission for a competition inquiry.

In its favour, the OFT can argue that it has been very successful in behind the scenes negotiations with companies to persuade them to abandon anti-competitive practices.

Apart from two such cases it has been able to publicise, the OFT is thought to have persuaded a number more to change their behaviour.

But it also remains true that companies determined to operate an anti-competitive practice can usually do so without too much fear of tough action to prevent them in the short term.

APPOINTMENTS

Shell group executive changes

Sir Rowland Wright has been appointed a director of the "SHELL" TRANSPORT AND TRADING COMPANY from March 1. Sir Rowland is chairman of Blue Circle Industries and a director of Barclays Bank and of Hawker Siddeley Group. He was chairman of Imperial Chemical Industries from 1975-1978. Mr. C. N. C. Haslam is to be finance director of SHELL UK from March 1. Mr. G. S. Simpson, the present finance director, resigns from the board of Shell UK on March 31 on his retirement from the Shell group.

★

Mr. Stefan Lidvall has been appointed managing director of ROTO LINE from March 2. Mr. Dennis Wood has become commercial director of the company, which is the UK-based member of the JOHANSSON GROUP. Mr. Lidvall has been managing director of Scandinavian Express since 1975.

★

The Prime Minister has made the following appointments in the INLAND REVENUE. Mr. D. B. Rogers will become director general (technical) from June 1 in succession to Mr. E. V. Adams who will be retiring from the public service. Mr. J. H. Gracey is to be director general (management) from August 1, replacing Mr. J. F. Boyd, who will be retiring from the public service.

★

Mr. R. V. Mellon, of INCO (Europe), has succeeded Mr. M. C. Hughes, vice president of Texasgulf Export Corporation, as chairman of COPPER DEVELOPMENT ASSOCIATION. Mr. E. Olivares, deputy chairman of Codelco subsidiaries in the UK, has become vice-chairman of CDA.

★

Mr. Christopher W. Fone has been appointed to the Board of R. H. COLE. He was formerly with Bevington Lowndes.

★

Officers of the FOREIGN EXCHANGE AND CURRENCY DEPOSIT BROKERS' ASSOCIATION are Mr. J. H. Gunn (Astley and Pearce) as chairman, Mr. M. A. Knowles (M. W. Marshall) deputy chairman, and Mr. H. A. Woellwarth (Woellwarth and Co.), honorary secretary-treasurer.

★

Mr. Derek Hall has been appointed managing director of SAB AUTOMOTIVE COMPANY, which has been formed to handle all automotive business previously undertaken by the automotive division of SAB Brake Regulator Company.

★

Mr. Anthony Marson has been appointed group finance director of TRICOVILLE and remains company secretary.

★

Dr. J. M. Ashworth, at present Under Secretary at the Cabinet Office, is to become vice-chancellor of the UNIVERSITY OF SALFORD from September 1. The previous vice-chancellor, Professor J. H. Horlock, left the University at the end of last year to take up an appointment as vice-chancellor of the Open University.

Technicians in London banks get 8.5% offer

By Nick Garnett, Labour Staff

THE LONDON clearing banks yesterday offered their technical and service workers a pay increase of 8.5 per cent, in line with that already offered to clerical staff.

Yesterday's negotiations cover about 7,000 workers directly in the five banks. The Banking, Insurance and Finance Union represents technical and service workers.

The component parts of the Clearing Bank *Union* have domestic negotiating rights for this group in Barclays and National Westminster.

The two unions have rejected the 8.5 per cent offer in both cases. The issue of clerical staff pay will be on the agenda at a meeting of the unions and the Federation of London Clearing Bank Employers on March 5.

The banks are unlikely to *make an improved* offer at that meeting. They might improve the proposals, however, at a meeting with the unions tentatively scheduled a week later. The Trustee Savings Banks, in separate negotiations, have already offered their staff 7.75 per cent.

The staff association at the Eagle Star Insurance company met management yesterday to try to resolve their pay dis*pute over which staff association* members have been taking industrial action.

Council strike

Financial Times Reporter

NALGO, the local government workers' union, is calling out its 3,000 Lincolnshire members on a half-day strike today to protest against cuts to services and a threat to about 130 jobs. They will stage a demonstration outside the county hall in Lincoln and lobby councillors.

Water men 'cool' on offer

BY JOHN LLOYD, LABOUR CORRESPONDENT

EARLY indications from the 32,000 manual workers in the water industry show lack of enthusiasm for the National Water Council's offer of 12.3 per cent, but only isolated pockets of outright resistance.

National officials of the industry's two main unions—the General and Municipal Workers Union and the National Union of Public Employees—believe that if unofficial action in the North West does not spread over the next 48 hours, resistance to the deal will collapse and will be reluctantly accepted at regional meetings next week.

In the North West, where water workers have a history of militancy, some 30 water mains maintenance workers in Preston went on strike. In Bolton, 30 workers at an effluent treatment plant refused to cross picket lines, while the 150 workers in Oldham who have been on strike for the past two days remained out.

Mr. Mike Gately, the GMWU regional official, said he did not believe these workers would go back for some time, but he thought it unlikely that the action would spread.

Around 300 workers in both the major unions in the Northumbrian Water Authority voted to strike. The NUPE members, who had previously voted to continue work, changed their minds after the GMWU workers voted unanimously for action.

In Yorkshire and the East Midlands, however, groups of workers who had taken unofficial action returned to work yesterday. In Wales, action threatened by NUPE members did not appear to have materialised.

The full response from the workers is expected on March 14, following branch and regional conferences on the offer.

Ministers yesterday expressed disappointment with the size of the settlement, but were careful to distance themselves from it.

Mr. James Prior Employment Secretary, commenting on allegations of Government pressure on the aWter Council to settle, said: "It would be extraordinary if there were no contact—we expect the National Water Council to keep closely in touch with its sponsoring ministry. There were no secret meetings as far as I know."

The level of the settlement was a matter of some dispute yesterday as regional officials explained to their members the complexities of the deal. The offer will put 12.3 per cent on to the council's wage bill, but will be worth around 12.7 per cent for most workers.

National union officials, however, prefer to stress that it adds 10.2 per cent on basic pay, contrasting this with the 9.8 per cent on basic rates achieved by the mineworkers last year. *They also point to 18 per cent* on bonus rates, compared with the miners' 13 per cent.

● Mr. William Whitelaw, the Home Secretary, said in the Commons yesterday that all water authorities had proposed "significant reductions" in water charges, following an urgent review of the rates called for by the Prime Minister.

The cuts will vary in size among the authorities, as a result of a relaxation of accounting procedures which were found to be largely responsible for many of the high increases. A full statement is expected in the Commons on Monday.

Options drawn up to end over supply of sugar

BY OUR LABOUR STAFF

A DOCUMENT on the sugar industry drawn up by three of the industry's principal unions says there are three options for solving the problem of over supply.

The document, drawn up by the General and Municipal Workers' *Union, the Transport* and General and the Association of Scientific, Technical and Managerial Staffs, rejects one of the options —a cut in UK sugar production.

On the second choice, the unions argue that the Government should cut imports. The unions say that the main users of imported sugar keep this supply route open to maintain competitive pressure on the British Sugar Corporation and Tate and Lyle.

They also use it as a protection source in case of disruption to supplies from British Sugar and the private company.

Imports should be cut, say the unions, either by direct controls or by agreement with the industrial sugar users and traders.

On the third option, the unions say it is essential that the UK sugar market is managed to allow the exporting of between 200,000 and 300,000 tonnes. There should be a "suitable" home market for products from Tate and Lyle and the corporation.

To do this the unions are calling for a summit meeting between Tate and Lyle, the corporation, union officials, Government representatives and the Commonwealth sugar exporters.

The document is a union response to the growing problems in the UK sugar industry

Health computer staff may extend action

BY NICK GARNETT, LABOUR STAFF

COMPUTER STAFF in the health service are to be consulted by the National and Local Government Officers Association on extending their industrial action over a long-standing pay *comparability dispute.*

The union said yesterday that the response of the computer staff, which will be known by Wednesday, could result in the blocking of pay cheques for staff right through the health service. It would also disrupt payment of health service suppliers.

Work to rules and other forms of action have been started by groups among the 1,800 health service computer staff over a *claim for pay parity with com*puter staff in the private sector.

The decision to try to extend industrial action was taken as the union made official a strike by 50 computer workers employed by the north-west regional health authority.

The union said that those computer workers had been carrying out industrial action which had resulted in the accumulation of £9m worth of cheques due to be paid out to suppliers and other groups.

The 50 staff went out on strike on Monday in protest at the way health authority officials managde to free those cheques, the union said. The strike would prevent the payment of wage cheques.

The union is seeking extra *money from the health service* to allow the raising of computer staff pay by between £515 and £1,069 a year.

Protest over Courtaulds' closure plan

By Our Labour Staff

A WORKERS' protest about Courtaulds' proposed closure of its Aintree, Liverpool, and Carrickfergus, Northern Ireland, plants is to be led by Mr. Moss Evans, general secretary of the Transport and General Workers' Union, at a meeting with the management next month.

Yesterday Mr. Peter Evans, the TGWU's national *secretary* for the industry, said one of the company's reasons for the closures—the strength of the pound — was being removed by the recent easing of pressure on *sterling.*

But the Government had yet to act on energy prices to industry and on cheap imports. "These policy changes are essential because it makes no *sense to penalise yet* more workers in already devastated areas," he said.

The closures will put 1,500 out of work in Liverpool and 400 in Carrickfergus.

Halewood dispute over, says Ford

By Our Labour Staff

FORD EXPECTS normal work to resume today in the body and assembly plants at its Halewood site following talks *late yesterday between* management and shop stewards on a dispute which began in the body plant. The managament said work was also-resuming normally in the transmission plant.

Fifty men in the finishing area of the body plant were suspended for failing to work normally when two men were transfered and a further 150 went on strike in sympathy.

Management said that the transfer of the men had been requested by the shopfloor.

Two union chiefs hit Labour Left

BY JOHN LLOYD, LABOUR CORRESPONDENT

LEADERS of two of the country's largest unions yesterday launched a strong attack on Labour's Left-wing.

Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers, says that it is "indefensibly illogical" to have the leader of the Labour Party elected by any groups *other than MPs.*

"The British electorate today will never vote any political party into power when they know that the Prime Minister of the nation would be decided by group interests outside Parliament."

Sir John, writing in the latest issue of his union's journal, published today, makes a veiled hint that the AUEW might withhold, or re-direct, its political funds if the swing to the left is not reversed.

He writes: "Do we really want to get power, or desire only to remain forever a loquacious, garrulous debating society? If the latter, then unions and their members will require to think more deeply as to who receives their levy.

"Pseudo-political militants are projecting constitutional issues of no great importance."

They had highlighted "the issue of the leadership "as if we were all a bunch of sheep without a shepherd, unable to think for ourselves and needing to create a God."

Mr. Frank Chapple, general secretary of the Electrical and Plumbling Trades Union, writes in the union's journal, also published today, that the union, as a founder member of the Labour party, has a "special responsibility" for its direction.

Union members who pay the political levy "deserve better than the current shambles. If a Labour split is inevitable it should be the undemocratic Left and infiltrators who should be forced to quit."

Mr. Chapple, who signed a declaration of support for the Council for Social Democracy, says that his sympathy for the new movement does not go so far as to lead him to leave the Labour party.

AUEW general secretary Sir John Boyd gives veiled hint on party funds

The new grouping of Right-wing led unions, formed earlier this month and of which the AUEW and the EPTU are leading members, is attempting to work out a consensus on what form of leadership electoral procedure they would support in advance of their spring conferences.

They will then attempt to reverse the vote taken at the Wembley Special conference last month which produced an electoral college favouring the unions.

Child-proof medicine

CHEMISTS will next week begin providing medicines in child-proof containers to cut down the number of accidental poisonings, following the *Government's decision* to provide £1.2m a year to pay for the scheme.

Energy Review: End of U.S. oil price controls

By Sue Cameron, Chemicals Correspondent

European chemical makers lose their favourite excuse

THE European chemical industry gave only a muted cheer when President Reagan announced the ending of price controls on oil in the U.S. last month.

Yet petrochemical producers in the UK and on the Continent spent the whole of last year complaining loud and long about the unfair advantages their U.S. competitors derived from the American Government's control of oil prices. The question therefore arises as to why they did not start putting out the flags *once decontrol* became the order of the day in the U.S.

There are probably a number of reasons:

● The decontrol of oil prices in the U.S. is not having as quick an impact on chemicals as companies on both sides of the Atlantic had expected.

● Gas prices in the U.S. are still held down to below world levels and this affects chemical producers as much, if not more, than the regulation of oil prices.

● President Reagan seems to have taken the wind out of the European chemical industry's sails by decontrolling oil prices *before they expected.*

● Many European chemical companies appear to take as their text the first line of the John Betjeman poem which runs: "When things go wrong it's rather tame/To find we are ourselves to blame . . ." The U.S. move has robbed the Europeans of one of their favourite excuses for the appalling losses most of them have been making for the last 12 months on their petrochemical operations.

Few would deny that controlled, low oil prices in the U.S. did have an adverse impact on the European chemical producers. What is more open to debate is how big an effect they had and how much difference decontrol will now make.

It is now almost 18 months since the Europeans started to agitate about the way the U.S. Government was holding down oil prices in America to below the levels obtaining in Europe and other parts of the world. They pointed out that some of the most important raw materials used to make petrochemicals are derived from oil and that oil is also used for energy purposes in chemical plants. They argued that American chemical companies were therefore enjoying unjustly low costs and they forecast that a flood of cut-price chemicals would soon be coming across the Atlantic so creating disaster in *European markets.*

They accepted that the U.S. Government planned to decontrol oil prices at the end of 1981 and gas prices in 1985. But they stressed that in the meantime *they were going to be hurt.*

The initial response of the U.S. producers back in the autumn of 1979 was that the Europeans should "stop screaming before they've even been hit." But on mature reflection, the American companies decided to stop making snappy retorts and to get down to the serious business of exporting cheap chemicals to Europe. They were encouraged by the fact that the recession was beginning to bite in their own domestic market.

Cheap U.S. exports to Europe of chemicals and of finished products—particularly in the plastics and fibres sectors—started to increase. And this did contribute—the word is used advisedly—to the disaster that had overtaken the European chemical market as a result of the economic recession and the

Glyn Genin

U.S. petrol station: "gas guzzling" cars like these are already disappearing.

European companies' near total lack of discipline on chemical pricing.

The Europeans also found it *increasingly hard to compete* against their U.S. chemical competitors in third markets such as South America, South Africa and the Far East.

The effect of American price controls was to make U.S. oil between $2.50 and $4 a barrel cheaper—estimates vary—than in Europe or other parts of the world. The control system was based on the difference between the price of U.S. produced oil—which until now has been held down to comparatively low levels—and the price of imported oil. The latter is dictated by the Organisation of Petroleum Exporting Countries and has therefore been much more expensive.

Some U.S. groups benefited from oil price controls more than others. The U.S. Federal *Government itself, for example,* is thought to have taken the opportunity to buy substantial quantities of oil at cheap, controlled prices for its own strategic reserves.

Industry experts say some of the smaller refining companies —particularly in Puerto Rico and the U.S. Virgin Islands—also gained disproportionately from the control system. They add that a number of the big refiners may have managed to obtain some of their crude at only $1 a barrel less than world prices. But observers believe that the big oil companies, which have refinery operations, will now try to use decontrol as an excuse for passing some of the more recent OPEC oil price rises on to their customers.

The net result will be a sharp *rise in the price of all refined* oil products in the U.S., including petrol, gas oil and naphtha. They are expected to rise by 10 to 15 cents a gallon. Naphtha, an almost colourless liquid, is one of the world's major petrochemical raw materials.

In Europe it is the most important of all the petrochemical feedstocks. On this side of the ocean it is used to make ethylene, which is known as the building block of the petrochemical industry and which is used in the manufacture of a whole range of things from solvents to plastics. Naphtha is also used to make a group of petrochemicals called aromatics. These are used not only in the making of other chemical products but also in the making of petrol.

One of the big differences between the European and U.S. chemical industries is that American producers make much greater use of the gas ethane as a raw material for the manufacture of ethylene. Ethane is a more economic ethylene feedstock than naphtha — even if the two raw materials are the same price—and it is estimated that some 65 per cent of U.S. ethylene is made from ethane rather than naphtha. On both sides of the Atlantic some ethylene — about 10 per cent in Europe and around 15 per cent in the U.S.—is made from gas oil which in turn is made from crude.

At the end of last year U.S. ethylene was priced at only some $485 a tonne while the European price was around $665 to $670 a tonne.

Industry experts say oil price decontrol will push up the price of naphtha and gas oil in the U.S. and will put a strong upward pressure on the price of the chemicals made from them. They estimate that it will also force up ethylene prices in the U.S. by some 6 cents a pound, from the present price of about 24.5 cents to about 29 cents a pound by the end of the year.

Chemical industry experts also believe that decontrol will encourage U.S. ethane gas prices to rise—but only slowly.

The main use for ethane in *the U.S. is as a petrochemical* feedstock and if the price of the alternative petrochemical raw material — naphtha — increases, then that of ethane should move upwards in its wake. But U.S. ethane price rises are likely to be restrained by a number of factors:

● Ethane prices in the U.S. are not controlled but those of the natural gas methane are. The present plan is that U.S. methane prices should be held down to below world levels until 1985.

● Current, long-term, low-price U.S. ethane contracts will delay a general rise in ethane prices.

● The American pipeline system does not always enable ethane to be carried to the petrochemicals sites where it is most needed and where it can command the highest prices.

American prices for ethane and for the all important ethylene are therefore expected to remain at lower levels than those in Europe despite oil price decontrol—*particularly as* the companies using the cheaper ethane feedstock will set ethylene prices.

But ethylene prices in the U.S. do seem set to rise sufficiently *to discourage* American companies from exporting cheaply to Europe.

Even better from the European point of view, is the fact that oil decontrol is expected to lead to the U.S. prices of some chemicals rising to higher levels than in Europe. U.S. prices of aromatics, propylene—used to make plastics—and butadiene—used to make synthetic rubber —are strongly forecast to overtake those of Europe.

The U.S. has strict regulations against the use of lead—which acts as an anti-knock agent—in petrol, and demand for aromatics is therefore particu*larly strong. But against this* has to be set the falling demand for petrol in the U.S. as a result of the increased popularity of smaller, more fuel efficient cars, the change in American driving habits and the general recession. The U.S. used to consume more than 7m barrels a day of petrol. Today the figure is around 6m barrels a day.

None the less it seems likely that oil price decontrol will push up the price of aromatics.

The aromatics trade across the Atlantic is a two way affair —the direction of aromatics *exports depends* on price differentials between Europe and the U.S. If prices rise steeply enough in America, European producers should be able to increase their own domestic prices and also export to the U.S.

One major European-based petrochemical company grudgingly admitted this week that U.S. oil price decontrol had put "the wind in the right direction." It added that the U.S. might now feel moved to decontrol natural gas prices more quickly than previously planned. It hinted darkly that the decontrol of gas rather than oil prices in the U.S. had always been the real crunchpoint for Europe.

Another major chemical company, based in the U.S. but operating widely in Europe, *raised what is probably a more* pertinent point: "One of our main excuses for not being profitable has ben taken away with the ending of U.S. controls on oil prices," it said. "We Europeans have been making a mess of the ethylene and ethylene derivatives business. Whichever company cuts its prices most has been allowed to set the price for all of us in the petrochemical market. The ending of U.S. oil price controls presents the opportunity that Europe needs. But there's no guarantee that the European industry will take advantage of it. Frankly, seeing will be believing."

FIVE THICK COATS STOP YOU CATCHING A COLD.

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The fourth is an undercoat. And on top of this goes the fifth, the top coat.

Finally, just to seal everything, a three course underseal is applied.

Perhaps we should claim these are coats six, seven and eight, but to be honest they're more underwear than an overcoat.

It's a body treatment that prompted Bodyshield, one of Britain's leading rust protection companies, to state that there wouldn't be much business for them if all cars were built like Saabs.

Of course being born in Sweden does help. Fighting Nordic conditions has given birth to many other features to beat the cold.

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UK NEWS – PARLIAMENT and POLITICS

Tory backbenchers join Labour in call for MLR cut

BY IVOR OWEN

UNDETERRED by the certainty of being rebuffed, some Tory backbenchers joined with Labour MPs in the Commons yesterday in pressing for an immediate cut in the Minimum Lending Rate.

Sir Geoffrey Howe, the Chancellor of the Exchequer, displayed his customary skill in drawing a veil over his precise intentions.

But nothing he said dispelled the impression that the next downward movement in MLR must wait until he introduces his Budget on March 10.

Mr. Peter Shore, Labour's Shadow Chancellor, joined in the chorus of demands for immediate action.

He contended that the real reason for Sir Geoffrey's insistence on delay was the desire to have "just something pleasant to say" among all the other disasters due to be announced on Budget day.

Underlining the need for the Chancellor to act with greater urgency, Mr. Shore even conceded that the underlying rate of inflation was in the region of 10 per cent.

He complained that when this was compared with the current MLR of 14 per cent. there was "a vast discrepancy."

One percentage point on *MLR cost British industry an* extra £350m a year, Mr. Shore said, and when even a company like ICI was running at a loss, it was time to act.

Sir Geoffrey welcomed the fact that Mr. Shore had acknowledged that the underlying rate of inflation was substantially below the year on year rate.

He agreed that this was one of the factors which had to be taken into account.

Mr. Joel Barnett (Lab., *Heyward and Ryton) asked:* "If you accept the case for a cut in interest rates, is it due to economic success or economic failure?"

Shore: conceded underlying rate of inflation about 10 per cent.

Barnett: asked if cut would indicate economic success or failure.

Sir Geoffrey replied that it had been clear from the outset that a reduction in the rate of inflation along with a reduction in interest rates was among the *objectives which the Government* was pursuing.

Mr. Tim Eggar (C. Enfield North), pointed out that a move towards monetary base control would inevitably bring with it increased volatility in interest rates.

Would the Chancellor be happy to lose control of interest rates? he asked.

Sir Geoffrey accepted that the issue raised by Mr. Eggar would have to be considered in relation to the timing of any switch to monetary base control. He added: "It is undoubtedly the fact that leaving interest rates more closely related to the market has something to be said

Mr. *Michael Latham* (C. Melton), maintained that the fact that MLR was clearly in excess of the real underlying rate of inflation must point to "an early and significant reduction."

Sir Geoffrey answered: "*It is* true that measured against the fall in inflation in recent months, interest rates have become more positive."

Amid laughter from the Opposition benches, Mr. John Stokes (C., Halesowen and Stourbridge), asked if the fact that ICI had cut its dividend by more than half meant that the forecasts made in the last Budget were on target or not.

Sir Geoffrey described Mr. Stokes as a "robust defender of non-interventionist government" and suggested that he would be the last person to expect a Treasury prediction of the outcome of a particular *company's results.*

While he was concerned to see any company doing less well than had been hoped, the statistics showed that the difficulties facing many companies were the consequence of high *pay settlements.*

Stonewaller Whitelaw shows off his despatch box diplomacy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A ROUSING cheer arose from Conservative MPs in the Commons yesterday when Mr. William Whitelaw appeared at the despatch box to answer questions to the Prime Minister in the absence of Mrs. Thatcher who is in Washington for a heart-to-heart chat with President Reagan.

After the Government tribulations of recent weeks, the Tories seem relieved to get back to the bluff and simplistic approach of the aimable Deputy Leader and Home Secretary.

"Careful with the rhetoric *Willie*," shouted Labour MPs good-naturedly as he fielded the first question from Mr. Peter Bottomley (C., Woolwich West), who warned hat excessive pay claims would create more inflation and unemployment.

Eschewing all the fashionable nonsense about PSBR, M3 and M1, Mr. Whitelaw went straight to the heart of *the problem.* He endorsed what Mr. Bottomley had said and added that excessive wage increases would mean "some will get more, some less and some will get none at all."

As nobody could find any fault with this truism, the House turned its attention to Mr. Ron Leighton (Lab, Newham North East) who was getting steamed up about traders selling horse meat and kangaroo meat for pies

"Answer, Answer" bellowed Labour MPs in mock rage as Mr. Whitelaw seemed temporarily nonplussed by this unexpected question.

"I would not in any way wish to associate myself with the Right honourable Gentleman's accusations," he said with dignity. "If they are true he has to substantiate them."

The going got a bit tougher when Mr. Michael Foot, Opposition leader, expressed great moral indignation over reports that the U.S. was to make huge additional supplies of arms to the regime in El Salvador. There were thunderous Labour cheers as Mr. Foot warned the Government that many in Britain and Europe would find it deeply offensive if America intervened on the side of "tyranny and reaction."

Whatever the rights and wrongs of this issue, it was pretty clear that Labour Leftwingers had already cast President Reagan in the role of the wicked gringo oppressing the noble peasants and workers of a small republic.

Mr. Whitelaw, however, managed to extricate himself by saying that it was one of the matters which Mrs. Thatcher would discuss with President Reagan and it would be wrong for him to comment

The Deputy Leader was back on more familiar ground with a question about the controversy surrounding Robin Jackman, the Surrey cricketer, who has now been included in the MCC team currently on a tour of the West Indies.

"It would be wrong for me to comment," he observed diplomatically. "I hope the current discussions on the spot will clear it up and the tour will proceed in the best interests of the game of cricket."

With that Mr. Whitelaw put his bat under his arm and strolled back to the pavilion. He is no great scorer in the colourful tradition of Don Bradman—more like the postwar Australian stonewaller who was ironically known as "Slasher" MacKay.

Unions refuse Liberals' invitation to back campaign on jobless

BY MARGARET VAN HATTEM, LOBBY STAFF

THE LIBERAL Party yesterday launched a campaign against unemployment and Government spending cuts. Trade union leaders the party attempted to draw into the campaign refused the invitation. The Social Democrats, who are currently discussing the possibility of an electoral alliance with the Liberals, do not appear to have been invited to join.

The campaign starts on Saturday with a "week of action" including big rallies in Ebbw Vale and Leeds, the respective *constituencies of Mr. Michael* Foot, Labour leader, and Sir Keith Joseph, Industry Secretary. The party also hopes to collect more than 250,000 signa*tures for a petition to be pre*sented to Parliament on March 18.

Mr. Cyril Smith (Lib., Rochdale), announcing the start of the campaign yesterday, said he had written to several *prominent* union leaders—including Mr. Len Murray, general secretary of the TUC, Mr. David Basnett of the GMWU, Mr. Tom Jackson of the post office workers union and Mr. Roy Grantham of APEX—inviting *them to speak at a rally in Man*chester on Saturday. All had refused.

Mr. Murray wrote: "I am afraid it will not be possible for *me to join you. I have, in any* event, engagements out of London, on those dates." Mr. John Lyons, general secretary of the engineers and managers association, said: "Given the non political stance of my union, I will be unable to join you," while Mr. Tom Jackson replied: "I am afraid our union's affiliation to the Labour Party would prevent my appearing on a Liberal platform."

Mr. Smith said he had not *approached the Labour party* directly but was convinced it would not wish to co-operate with the Liberals on the unemployment campaign.

Also, the Liberal Party did not wish to co-operate with the Labour Party given its present leadership. He attacked Mr. Foot personally for his "crocodilish" hypocrisy in leading protest marches when, as Employment Secretary in the Callaghan Government, he had presided over a doubling of unemployment.

Mr. Smith insisted that significant policy differences also prevented the Liberals from *working with the Labour Party.* While many of the economic remedies he advocated—higher Government borrowing, lower interest rates, lower exchange rates, *cuts in the national in*surance surcharge, greater investment in the public sector and in job training—are similar to Labour policies, the Liberals oppose import controls which Labour wants; and they want an incomes policy which Labour does not, although Labour frontbenchers such as Mr. Eric Varley have lately been equivocal on the issue.

The big difference, Mr. Smith said, was that the Liberals—*unlike Labour—wanted to see* public money invested in job creation only where there were long term employment prospects. Last week's Government *about face enabling the coal* board to keep open uneconomic pits did not fall into this category.

Mr. Smith predicted deep-seated social unrest if the *Government* continued on its new "pragmatic" course. Referring indirectly to the admission by Mr. John Biffen, Trade Secretary, last weekend that the Government had given in to the miners' industrial muscle, he said people would react angrily against such decisions.

Government to press U.S. on cheap imports of synthetic textiles

BY MARGARET VAN HATTEM, LOBBY STAFF

THE GOVERNMENT will press the new Administration of President Reagan to review its energy policies, particularly in relation to subsidised natural gas prices, in view of the difficulties cheap imports of U.S. synthetic textiles are causing British textiles manufacturers, Mr. John Biffen, Trade Secretary, said in the Commons yesterday.

Replying in a debate on an Opposition motion deploring the "worsening crisis in the textile, clothing and footwear industries, which is caused by Government economic, industrial and training *policies*," he said the arrival of a new Administration offered a good opportunity to renew contacts.

However, he added, there would be no confrontation. "The word 'confront' is not *the most useful one*, when one is trying to negotiate," he said.

Following the recent de-regulation of synthetic textile imports, the U.S. Trade Department had indicated that a relaxation of controls over natural gas prices would be the next move.

Although this was more a matter for Congress than for the President, "we are in a position to use such advantages as are conferred by a new administration," Mr. Biffen said.

Relations with the U.S. were causing more anxiety in the textiles industry than were the traditional worries over the multifibre agreement (MFA) and imports from low-cost producers.

Mr. Biffen acknowledged the pressure put on the textile and footwear industries by the current high interest rates, and hinted strongly that these would soon be reduced. The minimum lending rate, he said, was an "anticipatory" figure and, since Treasury forecasts indicated that inflation would drop to 11 per cent by the autumn, and since inter-bank lending rates were already below 13 per cent, "the evidence speaks for itself."

The high exchange rate for sterling was also causing problems, he said, but here he urged caution. As West German experience showed, a declining exchange rate brought its own severe problems for industry in the form of higher costs for energy and imported raw materials.

Referring to problems posed *by low lost imports,* Mr. Biffen made a vieled attack on the EEC Commission's competition department, saying its anti-dumping staff would have to be expanded if it were to operate effectively. However, the UK Trade Department's own anti-dumping unit was ready to co-operate in preparing any cases brought to it, with a view to referring them to the EEC for action.

The Government was closely watching national aids now being proposed by EEC countries, such as France, Belgium and the Netherlands, which would add to the competitive disadvantages suffered by UK producers. It had already initiated legal action against the Dutch measures.

Opening the debate, Mr. John Smith, Opposition trade spokes*man*, blamed Government economic policies for "a climate of fear and despondency" in the textile and footwear *industries*, which, he said, were "shedding labour at an alarming rate."

Mr. Smith urged the Government to act against cheap imports of U.S. clothing and textiles since the EEC have made no impact whatever on this problem.

Mr. Cyril Smith (Lib., Rochdale) attacked Mr. Biffen for giving "lots of excuses and reasons why nothing should be done, and little indication that anything would be done." The textile industry was "a pathetic mess," but so far the Government had shown no sign that it would take action.

He urged the Government to consider soft loans to textile companies—

Atkins in defence pact row

BY STEWART DALBY IN DUBLIN

REMARKS BY Mr. Humphrey Atkins, Secretary of State for Northern Ireland, about a possible defence pact between Britain and the Irish Republic, restarted a storm of controversy in Dublin about Ireland's *traditional* and *carefully* preserved neutrality.

Speaking in Belfast, Mr. Atkins said: "This is something no doubt that can be talked about. Indeed, we have a common interest in resisting totalitarianism . . . we have as *close an interest as any other* two countries in Europe and therefore of course it can be talked about."

The statement again caused questions to be raised in the Dail (Parliament) about whether the *current* Fianna Fail Government is about to abandon the country's neutrality. Any attempt to do so would be highly contentious.

Opposition members have called for a full scale debate in the statement.

Parliament next week

COMMONS

Monday: Contempt of Court Bill Second Reading.

Tuesday: Debate on the Independent Strategic Deterrent. Town and Country Planning (Fees) Regulations.

Wednesday: Fisheries Bill, Remaining stages. International Development Association Order.

Thursday: Debate on Education.

Friday: Private Members' Bills.

LORDS

Monday: Supreme Court Bill: Committee. Debate on EEC Environment policy.

Tuesday: Redundancy Fund Bill (Money) Third Reading. Maximum number of judges order. Water Bill, Second Reading. Industry Bill, Committee. Trees (Replanting and Replacement) Bill, Report. Pet Animals Act 1951 (Amendment) Bill, Third Reading. Short debate on privatisation of local authority activities.

Wednesday: Debate on regional unemployment. Interpretation of Legislation Bill, Second Reading. Short debate on police authorities.

Thursday: European Assembly Elec*tions Bill,* Committee. European Communities (Medical Dental and Nursing Professions) (Linguistic Knowledge) Order. Town and Country Planning (Minerals) Bill, Report.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

"Microbank": Philips' High Street presence

Philips' new push in banking systems

ALTHOUGH IT has really only been a significant force in the UK financial/banking terminal marketplace for about four years, Philips is making notable inroads into an area normally regarded as the province of such companies as Burroughs, IBM and NCR.

Finding itself initially "locked out" of the main clearing banks it turned its attention to local authorities and building societies and has now clocked up £40m of business in the UK with its PTS6000 system. Some 10,000 terminals have been placed and worldwide the figure is nearer 45,000.

This week Philips Business Systems has formally announced three more products of which Microbank, a "through the wall" automatic teller machine (ATM) perhaps finally confirms the company's presence in "High Street" front lobby banking.

Designed and made by Diebold (which holds 40 per cent of the U.S. market for these machines), the unit is able to deal with cash dispensing, deposits, account inquiries, account transfers and even allows customers to pay gas and electricity bills if appropriate arrangements exist.

The machine is pleasant enough to use. The customer presents his card to a slot, the machine examines it, asks for a personal identification number (PIN) and the user is ready for transactions. A menu of available services appears on a small cathode ray tube screen, in alignment with the buttons that have to be pressed. Simple, screen assisted entries are made by the user who in 20 seconds or so, can obtain or deposit cash, shift funds from one account to another and so on. Finally, the machine provides the user with a print-out of all the actions he has taken.

The consortium of Scottish Trustee Saving Banks has spent £500,000 to equip its branches in the next 18 months, and Halifax Building Society is evaluating Microbank.

Another new unit, the PTS 6581, has been designed to the brief of Barclays Bank by a team at Malmesbury (an old Pye-TMC location) and is to be made in Airdrie in Scotland. Main object of the terminal is to capture data during normal customer/clerk transactions to eliminate the need for back office data entry at branches. Barclays will carry out evaluation with 1,000 machines and the ultimate requirement will be 8,000 to 10,000 units. However, ICL is providing a similar programme.

Divisional manager Tony Nevison takes the view that some 30,000 counter terminals of this kind will be needed, yielding UK business amounting to £60m. Like the Philips PTS 6581 they will have to have an operator keyboard, plastic card reader, a personal identification number (PIN) keypad with display for the customer to use and a screen to show both parties what is going on.

This terminal can communicate with any mainframe computer or minicomputer. Information can be processed locally or passed via on-line networks to remote central computers.

Philips' third introduction is called "Society." A counter terminal aimed at smaller and medium sized building societies, it will deal with deposits, mortgage repayments and account enquiries, updating passbooks automatically and notifying remote mainframe computers.

Philips Business Systems is at Bergholt Road, Colchester (0206 5115).

GEOFFREY CHARLISH

Inspecting the heart of a nuclear reactor

BY DAVID FISHLOCK, SCIENCE EDITOR

A FORMER board member for engineering of the Central Electricity Generating Board once said that attempts to work deep within Britain's nuclear reactors, using long manipulators, were like trying to replace a knob on the sideboard by standing on the roof and trying to reach it by way of the chimney.

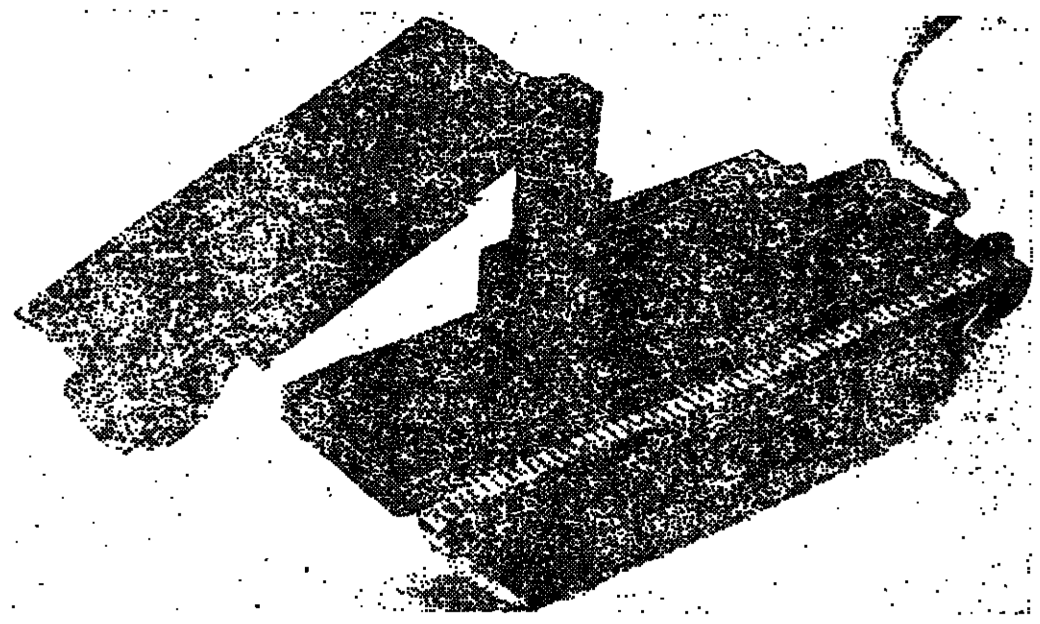
The analogy is pretty accurate for the only way the CEGB's engineers can reach the innards of a Magnox reactor is by way of vertical pipes about eight inches in diameter, while standing on the charge face some 30 feet above the reactor.

Remote control

But their task has been eased by the introduction of a remotely controlled vehicle slim enough to slip down one of the standpipes, but capable of crawling round inside the reactor. This tank-like contraption can surmount steps three inches high, and clamber up a 40-degree slope. The reactor inspection vehicle has been developed by a team led by Dr. Len Burton and Mr. David Friend, at the CEGB's Berkeley Nuclear Laboratories near Gloucester.

Reactor inspection vehicles have already been used successfully at three of the Magnox nuclear stations, Dungeness A, Oldbury, and Berkeley. In Oldbury, for example, one vehicle used a magnet on the end of an arm to ferret around for debris in order to satisfy the nuclear inspectors that nothing loose had been left inside the reactor, which might get whipped up by the gale-force winds of carbon dioxide coolant, when the reactor is running.

Reactor inspection vehicles—"not robots," says Dr. Bryan Edmondson, director of the Berkeley Nuclear Laboratories, who believes the word should be reserved for production-line tools—are the latest developments from a long association with novel equipment for reactor inspection.



Complete with TV "eye," this remotely controlled vehicle ferrets around inside the reactor

Their forerunners included a vehicle designed to ride round the top of the steel "corset" constraining the Magnox reactor core, riding the flanges of steel girders as though they were railway tracks. This mobile ultrasonic inspection device carried transducers to examine steel bolts in the corset for cracks.

But the latest devices are free-roving. They carry a miniature TV camera and a bright headlight, and can offer the inspector a brilliantly illuminated close-up of a problem. Their designers considered radio-control but there was always the risk of a breakdown leaving them with a "dead" vehicle to be extricated. They settled for the security of an umbilical cord, which also provides the 300 watts needed for illumination and air to keep the TV camera cool.

The vehicles have been developed as a "Meccano-kit" of modules which might be rearranged to perform a particular task. One of the first was equipped with a dosemeter and eddy current probe for inspection, and was used in the Dungeness A station.

Later at Dungeness A it was decided to instal a flux monitoring wire round the steel pressure vessel. The area beneath the vessel was first surveyed by one vehicle, then another vehicle was brought into play, equipped with a better multiplex control system, to instal the wire.

The latest vehicles are equipped with a platform which rises on an extendible arm like those used to service street lighting, to deploy a TV camera. It looks like a tank with plastic tracks, 20 inches long, slender enough to slide down an 8-inch standpipe, and weighs about 30 pounds.

It has weak-link joints in the extendible arm so that, should it fail, the arm can be collapsed and the vehicle retrieved by tugging on the umbilical.

The reactor inspection vehicles have now been used on three of the CEGB's eight Magnox nuclear stations and demonstrated to the station superintendents of others. The researchers claim that they have been able to make some impressive contributions by accelerating inspections. At Oldbury, they inspected all fuel channels in one reactor in only six days, where 14 days had been needed previously. The earlier return to power represented a saving of £500,000.

A question the researchers are now considering is what role such a vehicle might have in reactor repairs. The oldest Magnox stations are now nearly 19 years into a design lifespan of 25 years. So cheap is their power, however, that in another five years they may well warrant refurbishing, in order to extend their life for a few more years.

The researchers doubt whether the present vehicles would be man enough for repair work such as welding. But they envisage such vehicles used in partnership with sturdier types of manipulator, to provide close surveillance of the repair.

3-D effect

Another clever idea is a simple way of providing stereoscopic TV viewing, from a single miniature TV camera of the kind carried by these vehicles and manipulators. It allows a group to gather round the TV monitor to see, so to speak, all round the problem the camera is focused upon. It was used last year in a reactor at Trawsfynydd.

The 3-D effect is obtained by mounting mirrors on the front of the camera, and then viewing the screen through a similar arrangment of mirrors. The camera records two pictures, each side of a vertical centre line. The monitor presents the same two pictures. Simply by viewing these pictures through mirrors set at an angle, the viewer gains a distinct impression of depth.

'Speak your weight' 1981 fashion

WHAT IS claimed to be Britain's first "talking" vending machine, introduced by the Mars subsidiary Klix, uses solid-state silicon chip technology to simulate the human voice in its latest automatic drinks machines. The chip has the capacity for up to 100 seconds of speech without any of the problems of bulk, expense and unreliability which rule out magnetic tape recordings as a practical proposition, Klix says.

When the correct coins are inserted the machine will utter one or other of a series of appropriate messages, such as "Your drink is on its way," "Sorry, selection sold out, please try another," or "Enjoy your Klix drink."

"Our aim is quite simply to give our vending machines a new warmth and personality," says Steven Jenkins, Klix product manager. "We believe the use of a voice chip in our machines will herald the start of a major change in the public's attitude"

Klix exports nearly 40 per cent of its products, so the machines it sends to the Continent will be programmed to speak French or German.

NEWS IN BRIEF

COMPONENTS

AN AIR-OPERATED potentiometer for use with solid-state variable-speed drives in controlling small electric motors, introduced by Herga Electric (0284 701422), can be actuated by foot or hand operated bellows to provide an infinitely variable power output.

Pressure on the bellows moves a diaphragm in the potentiometer housing which in turn moves a wiper (rubbing contact) on the potentiometer track, the setting being approximately proportional to the air pressure. It can be used on such applications as industrial sewing machines patters' wheels, coil-winding machines and flexible shaft drives. Similarly, Herga claims, it can be used with sound amplifiers to replace foot-operated swell controls or as a simple power transducer.

The unit is said to be cheap to instal, since there is no need for multi-core screened cables or plugs and sockets. The pneumatic actuation system is safe to handle, so low-voltage controls are unnecessary. With all the electronic circuitry kept in one place there are no problems with high impedance circuits or electrical interference, the maker claims.

CONTROL

A SINGLE-PHASE dc thyristor controller for small electric motors from ½ hp to 1½ hp has been introduced by Anyspeed, Telford, Salop (0952 582131). Known as the Cheetah, it has the same basic electronic circuitry as the Anyspeed A series but a lower power thyristor stack. It can be supplied complete with suitable dc motors, including geared motor units.

REFRIGERATION

SAID TO typify the most advanced philosophies in thermal integrity, storage and handling is the £1.5m Central Midlands Cold Store on Attleborough Fields Industrial Estate, near Nuneaton, which was designed and constructed by Smith and Partners as a single 30,000 cubic metre chamber.

This accommodated more than 8,000 tonnes of frozen products in a fully palletised format, is Lloyds approved, and offers bonded facilities and ancillary inspection and survey services.

Imperial Foods subsidiary, United Carlo Gatti, has commissioned the project which it says will radically improve the scope for the development of frozen foods distribution in the Midlands area.

A special transport and distribution office has been provided and this facility is available to all customers at Attleborough.

DESALINATION

THE PRINCIPLE of reverse osmosis is used in two new series of desalter units, for converting sea water into drinking water, introduced by George Clark and Sons (Hull), Hawthorn Avenue, Hull HU3 (0482 25291).

The Series 500, comprising five units, is designed to convert 300, 400 and 500 gallons of seawater a day, while the three-unit Series 3,000 will convert 1,000, 2,000 and 3,000 gallons a day. Larger units can be made to special order.

A special feature is the single-pass conversion method whereby the seawater is pumped only once through the filtration membrane. The flow is indicated by a series of lights instead of the conventional float indicator. The stainless-steel manifold is claimed to give a steady, pulsation-free flow through the membrane, while full instrumentation monitors the quality of the desalted outflow and automatically rejects water of poor quality.

The units, with corrosion-resistant frames, are built for the hard service required on oil drilling platforms, fishing vessels and tugs. They are also claimed to be suitable for yachts, merchant ships and cruise liners.

COMMUNICATIONS

MARKING A first in Europe, 24 domestic subscribers in Berlin are now able to select two television channels and VHF radio programmes via optical fibre cable laid into their homes.

This trial system put in by AEG Telefunken and the Federal German PTT is designed like a telephone network. Between each household and a distribution centre are connected two fibres, one for reception of the programmes and the other for subscriber connection to the centre. No amplifiers are used in the network — presumably a reflection of the low-loss fibre in use.

In the distribution centre the six TV programmes available are tapped off from a local cable TV system. By means of a channel selector similar to that on a television receiver, programmes are selected by pressing a button.

Prime interest of the PTT is the transmission of video and AEG-Telefunken points out that in theory any kind of data can be sent down the fibre, ranging from computer data to video telephone signals.

THE PROPERTY MARKET
BY MICHAEL CASSELL

Rosehaugh gets a partner

ROSEHAUGH, the property group headed by former tax specialist Godfrey Bradman, is teaming up with Greycoat Estates in a bid to develop a 525,000 sq ft office and retail complex next to Liverpool Street station in the City of London.

The 2.9 acre site is bordered by Sun Street, Wilson Street and Finsbury Avenue and if planning approval is given by Hackney borough council it will be redeveloped by Jamplane, the company specifically formed by Mr. Bradman to assemble and carry out the scheme and in which Rosehaugh has a half share.

Greycoat is to become a shareholder in Jamplane, which is expected to develop under another name if the project goes ahead. There are already other shareholders in Jamplane, including former owners of part of the Wilson Street site.

The scheme, if approved, will comprise 511,360 sq. ft of offices and 13,500 sq ft of retail space and will be located in an area earmarked by the council as a preferred location for about 500,000 sq ft of offices. There will also be two public houses, a restaurant, leisure areas and open space.

At present the area is occupied by a mix of warehousing, residential, office and shop property, some of it vacant and most of it in a poor condition. Greycoat owns none of the land in question, although it had looked at the site as a potential development location before deciding to join forces with Rosehaugh.

Jamplane has already purchased around 70 per cent of the total site area at a cost in the region of £5m. Most of the land was previously owned by National Carriers and British Rail and was purchased when Hackney council was preparing its brief for the site.

Hackney originally invited tenders for the site on the basis that it would then subject it to a compulsory purchase order programme to permit the new owner to develop. Despite the fact that over two-thirds of the site is now in the hands of one owner, the council has not as yet withdrawn the tender—CPO formula.

Not all the property on the site is delapidated and it remains uncertain whether some occupants, most of which have freehold leases with more than seven years to run, will be interested in moving—notably the Territorial Army and Ring and Brymer, the eatering subsidiary of Trust House Forte. Among the eighteen remaining occupants on site are the Prudential Assurance, Watney Mann and the Post Office Staff Superannuation Fund.

The potential developers do not, however, seem unduly concerned and say that, given the go-ahead, they are in a position to proceed with a phased development programme. Mr. Stuart Lipton of Greycoat said: "We will simply buy in who wants to be bought in, as is always our policy. We can proceed without total ownership of the site."

There will be four phases in a scheme which could cost well over £50m and which has been based on the council's own planning brief.

The centrepiece will be a single office building of just over 300,000 square feet. Work on the first phase, which would be on land already in Jamplane's ownership, could start within twelve months.

The plan is to front the scheme towards Finsbury Avenue, which is considered a much more acceptable City address than Wilson Street and where rents for office space now command about £16-£17 a square foot, or around 70-75 per cent of current prime city rents.

The site is not within the City's inner core but its position adjacent to Liverpool Street station makes it a particularly attractive office location. The development will be broken into individual office buildings suitable for separate occupation. It is being proposed on a speculative basis and no potential occupants are in mind.

It is understood that Rosehaugh and Greycoat will look for pre-lets or seek institutional funding, which is Greycoat's adopted development policy.

Mr. Lipton said of the new partnership: "Godfrey Bradman and I are old friends and we have decided to join forces specifically to try and develop this major site.

"We are very keen to co-operate with the council on this scheme and so far they have been most constructive."

Fraser directors can 'unlock assets'

SHAREHOLDERS imagining that House of Fraser was somehow involved in retailing may be forgiven for thinking differently after reading the latest circular in the battle to fend off Mr. Tiny Rowland, the well-known newspaper baron.

The revaluation of group properties by Conrad Ritblat throws up an open market valuation of £336.9m, a surplus over book value of £185m. But the group hastens to point out that this figure is based primarily on the value of properties as department stores, without regard to their redevelopment potential.

Yesterday's circular, which calls Lonrho's offer "miserable," reveals that Harrods has been valued at £95m—representing 63p of the share value—but assumes, no doubt correctly, that there would be a substantial goodwill premium involved if some extraordinary set of events led to its sale.

But it is in a passage entitled "the supervalue of your assets" that the Fraser directors attempt to underline the potential importance of the group's property holdings, now centred on 109 stores.

They point out that some stores have more selling space than is required and that conversion to office accommodation, which can command substantially better rents, can enhance profitability without harming sales. At the same time, ground and basement floor space in some stores could be leased to specialist retailers at premium rents.

The concept is hardly new and is already being put into practice at Barkers of Kensington, which has a gross floorspace of 612,000 sq ft, of which only 288,000 sq ft is used for selling. The proposal is to redevelop to provide 216,000 sq ft of offices, three shop units and a multiple store, leaving House of Fraser with 180,000 sq ft of trading space.

The group says it has studied six other properties with redevelopment potential showing a significant surplus which would more than double their new valuation. A further 22 properties are to be studied initially, with a view to partial redevelopment. More may follow.

The directors also say they are considering establishing a separate company, at no cost to shareholders, which would own potential development properties likely to unlock the "supervalue" of the group's assets.

But the circular shies away from any attempt to put a figure on the benefit which House of Fraser would receive from these and other development opportunties if they went ahead.

Amoco in EMI office talks

AMOCO (UK) is negotiating to take a large chunk of the EMI office complex which is nearing completion in London's Tottenham Court Road.

The future of the office block, a short distance from Centre Point, has been uncertain since EMI abandoned in August 1979 plans to occupy the building as its new headquarters.

It is believed that letting agents Edward Erdman are looking for a rental in the region of £15 a square foot but that talks with Amoco, which has offices in Cavendish Square and Haymarket and faces a space problem, have centred around a rental of nearer £13.

It is not known at this stage how much of the 200 sq ft office complex the company might be taking and neither Erdman nor the potential occupant are yet prepared to comment on the likelihood of a deal. Amoco is said to be still looking at other possibilities.

EMI first purchased the Tottenham Court Road site in 1971 for £5.8m but serious planning delays held up development work until October 1976, by which time the group had planned to be in occupation.

Early in 1979, EMI sold the freehold of the 3½-acre development site to Prudential Assurance for £33m. Under a lease-back deal it intended to move in on completion at an annual rent of £2.6m.

But the group, which was facing losses on both its medical electronics and music businesses, pulled out of the plan, leaving the Pru to find a new tenant.

Although it has not proved easy to find a sizeable tenant for the office space, which does not occupy a prime West End office location, the development is rare in being able to provide such a large amount of new floorspace in this area. The complex also comprises a number of retail units, which because of the retailing profile of the area, have been more easily let.

Pension funds ticked off

A POLITE but firm rap over the knuckles this week for the property investing institutions from Mr. Michael Heseltine, Secretary for the Environment.

The Minister, whose current passion for the concept of architectural competitions as an instrument for achieving excellence in design is tending to dominate his public utterances, managed temporarily to stray off the subject while addressing the National Association of Pension Funds' property conference in Eastbourne.

In exhorting the institutions to consider more fully their role as patrons of the development process—including a fresh look at the extent to which they can influence design—he went on to commit the unforgiveable sin of suggesting that they should extend some fairly narrow investing horizons to embrace residential property.

The funds, he said, should not overlook the possibility of investing in newly built residential property at freely negotiated rents outside the Rent Acts. This, he added, was the essence of the assured tenancy scheme contained in last year's Housing Act, which required that he approved of the body proposing to let in this way.

Mr. Heseltine pointed out that, despite the undeniable demand for good quality, newly built housing, he had not received a single application for approval from a pension fund.

The audience did not let his suggestion pass without pointing out that no investor was likely to enter into a market in which a change of political power could totally reverse the ground rules on which the rented sector operate.

Mr. Heseltine's response was sharp: "The stranglehold of the Left could be overcome if enough of you took part to help change attitudes and if enough of you pointed out that anything which threatened your investments of millions of ordinary people. Your position is no different to those buying shares in something like British Aerospace. It simply needs guts and determination; otherwise the threat of the Left will always stifle initiative. All I ask is a small commitment from you. Imaginative investment now could mean greater returns later."

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NATIONAL INSTITUTE REVIEW

Policy shift seen as key to upturn

A NEW economic strategy combining a relaxation of both fiscal and monetary policy is necessary to ensure economic recovery, the National Institute of Economic and Social Research argues in its latest quarterly review this morning.

This argument is based on forecasts showing that without a change of policy there will be no strong spontaneous recovery.

The institute, a strong critic of the monetarist approach, maintains that any recovery of output, whether spontaneous or induced, has to be accompanied by a corresponding growth of real demand.

"If, after writing off the slippage of the past 12 months, the money supply is allowed to rise at about the upper end of its target range in both 1981-82 and in 1982-83 and, given the forecast decline in the ratio of public sector borrowing to GDP, we still do not foresee any spontaneous recovery from either private investment, stockbuilding, the trade balance, or personal consumption," it says.

"Some policy action to promote growth of real demand is needed."

"In the past such action might have been calculated according to some target rate of unemployment. In the present case action is needed simply to prevent unemployment continuing to rise."

institutional framework.

The review argues, however: "The influence of present and prospective unemployment on the rate of change of earnings must now surely be downwards and it should be possible to design a reflationary package in which any positive influence of relatively lower unemployment on wage inflation is

Reports by Peter Riddell

The appraisal section of the review examines the impact of various policy changes, such as lower indirect taxation or a postponement of the proposals to change tax relief on stocks.

The review notes that the inhibition against any relaxation of the monetary and fiscal stance is that it could start off a new cycle of rising wage and price inflation. The institute remains sceptical of the long-term co-existence of low unemployment and low inflation within the existing

offset by the effect on real income."

Looking at possible action, the institute argues that general measures are, as a rule, better than specific interventions.

"If firms are in trouble because of loss of profitability on exports, it would be better o encourage a lower exchange rate than to allow it to continue high and give specific Government aid to offset its consequences."

The institute notes the desirability of boosting investment, both in the public and private sectors, but argues that particularly in the latter case an expansion of demand for products may be a necessary pre-condition.

The "severity" of the Government's fiscal and monetary stance is criticised as the major factor which has caused the British recession to start earlier and to go deeper than in the rest of the world.

"High interest rates have contributed to the high exchange rate so that the sharpest impact of the recession has been upon company profitability causing lost output and rising unemployment.

"Budgetary action can relieve the pressure but it should not be considered in isolation; it must be accompanied by appropriate monetary adjustment which, in turn, could help relax the pressure of the exchange rate.

"What is needed is a new economic strategy which concentrates upon recovery in the real economy."

SUMMARY OF THE FORECAST (NOVEMBER PROJECTIONS IN BRACKETS)

	Real GDP (per cent change, year/year, 1975 prices)	Real personal disposable income (% change, year/year)	Unemployment (fourth quarter, m)†	Money supply (per cent change in sterling M3, fiscal years)	Consumer prices (per cent change, fourth quarter on fourth quarter)	Current account balance (year, £bn)	Public sector borrowing requirement (fiscal year, £bn)
1980	−2.7 (−2.6)	2.7 (1.4)	2.02 (1.88)	18.0 (17.5)	12.9 (15.0)	2.3 (1.5)	14.0 (11.4)
1981	−1.3 (−0.8)	1.0 (0.0)	2.67 (2.28)	10.0 (10.0)	9.6 (11.2)	5.1 (2.4)	12.6 (8.0)
1982	0.2 (0.8)	0.7 (0.7)	2.99 (2.65)	10.0 (8.0)	8.2 (8.6)	3.2 (1.7)	11.1 (5.4)

† Great Britain, wholly unemployed, excluding school-leavers.

Brake on destocking 'no help to output'

MANUFACTURING OUTPUT si likely to remain depressed throughout 1981 and 1982, the National Institute argues in a special article on the outlook for industrial production.

Final demand is expected to be little changed and the stimulus from a smaller amount of destocking will be reduced by the deteriorating trade balance.

Consequently, the outlook is for a small further fall in industrial output of about ½ per cent from the level at the end of last year. This results in forecast declines of 6½ per cent for manufacturing output and of 5½ per cent for the total in 1981 as a whole compared with 1980. This is because the fourth quarter level of 1980 was already 5 per cent below the average.

Within manufacturing, output of consumer goods did unusually badly in 1980, falling 7½ per cent. These industries have expanded faster than the average in the last ten years. Even in the fourth quarter of 1980 their output was still 8 per cent above its 1968 level.

In 1981 and 1982 the recovery in consumption suggests that these industries will do relatively well.

Investment goods, which normally perform less well, experienced a smaller than average fall in output, only 4 per cent, because investment in plant and machinery remained strong. In the next two years, these industries will move more deeply into recession because of the falls expected in investment.

Food, drink and tobacco, clothing, textiles, and, by 1982, durables, including cars will benefit from the rise in consumer demand. The engineering industries and metals, and consequently chemicals and fuels, will be most seriously affected by the decline in investment demand.

The deterioration expected in the volume balance of trade may be particularly important for chemicals, engineering, textiles and clothing.

Constraints on spending by the public sector affect the industries for which it is a major customer, including construction, shipbuilding, aerospace and the engineering industries. The most important falls expected from the end-1980 levels of output are therefore in the engineering and allied industries and in coal and petroleum products.

National Institute Economic Review, No. 95, February 1981. Annual subscriptions £25 (UK) and £35 (abroad) from the National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square, London SW1P 3HE.

Little change in GDP predicted as jobless rise to 3m by 1983

GROSS DOMESTIC PRODUCT is likely to remain virtually unchanged over the next two years with only limited signs of future recovery towards the end of 1982, the National Institute forecasts.

Consequently, employment is expected to continue its fall with unemployment in Great Britain (excluding Northern Ireland) rising from 2.2m at present to 3m by the end of next year. This is on a seasonally adjusted basis and excludes school leavers.

The forecasts are more pessimistic than those made last November, with a flatter path for output from now onwards. The projections assume the indexation of both direct tax allowances and of specific indirect tax duties.

Average earnings in the public sector are forecast to rise by 9 per cent in the 1981-82 financial year and by 8 per cent after that.

A key feature of the forecasts is the belief that sterling will continue to appreciate under the impact of an expected rise in oil prices and a current account surplus. This is in spite of a modest estimated fall in Minimum Lending Rate of two points spread over the two years.

The sterling/dollar rate is assumed to rise to $2.60 by the end of 1982 while the trade-weighted index is projected to have risen by then to 11¾ per cent above the level at the end of 1980.

The rate of price inflation is projected to fall sufficiently faster than the rate of growth in average earnings (14 per cent on average in 1981) to outweigh the impact of declining numbers in employment and to generate increases in real personal disposable income, the best measure of average living standards, over the next two years.

The annual rate of consumer price inflation is forecast to be 9.6 per cent at the end of 1981 and then to slow only gradually.

The savings ratio is projected to fall slowly and the volume consumer spending should rise by 1 per cent this year compared with 1980 and by 1.6 per cent in 1982.

A major uncertainty is the level of stockbuilding, in view of the pressures on the company sector and the proposed change in tax relief on stocks.

The rundown of stocks is expected to be on smaller scale from now on, but is still likely to amount to £2bn (at 1975 prices) this year with a further £600m next year. This would normally be sufficient to raise GDP by 1½ per cent between 1981 and 1982—the institute says it is therefore a measure of other deflationary pressures that no such recovery is expected to take place.

The current account of the balance of payments is expected to be in substantial surplus (of £5.1bn) his year, partly because of the continuing favourable price effects of the strong pound and because of the relative fall in UK demand compared with other major countries.

The volume trends are, however, expected to be unfavourable and (at 1975 prices) the surplus on trade in goods and services is projected to fall by £1bn between 1981 and 1982.

This decline is expected to be supplemented by reductions of £750m in fixed investment, and of £500m in public spending so that the three together will virtually offset the £1½bn reduction in destocking and the £1bn increase in consumers' expenditure. (All figures at constant 1975 prices.)

Some signs of recovery are suggested by the quarterly path in 1982. Private sector manufacturing and housing investment are likely to begin to show increases. Unemployment should also be rising more slowly so a "probably mild recovery" is indicated for 1983.

This picture means public sector borrowing is likely to overshoot its planned values in each of the first three years of the Government's medium-term financial strategy. The projected ratios of public sector borrowing to GDP are 3¾, 3 and 2¾ per cent for the years 1980-1981 to 1982-83 respectively compared with the forecast levels of 6, 4¼ and 4 per cent.

Sterling M3, the broadly defined money supply, is also expected to overshoot its target. Even if 5 per cent of the money stock is removed from the calculation for the effects of the removal of the corset last year, this still means that sterling M3 is nearly 3 per cent above the upper end of the financial strategy path by the first quarter of 1983.

The forecasts also examine alternative views of stockbuilding on the assumption of much smaller destocking. Although the level of GDP would be higher than in the main forecast, the trend of output is, if anything, still downward rather than flat.

The review examines the possibility that the increasing excess capacity in recent months has resulted in higher than usual scrapping rates of plant or the faster deterioration of assets, so that the net investment volumes are lower than the gross investment figures suggest.

"Even so, it seems unlikely that problems of low output, productivity and profitability are the result of insufficient investment. There is some evidence that the investment in plant and machinery in the form of capital has been deepening in the 1970s on the part of industry, after 20 years of capital widening."

Demand expectations in the past seven years have been depressed with the result that there has been little reason for manufacturers to invest to expand capacity.

CAPITAL STOCK, EMPLOYMENT AND OUTPUT IN MANUFACTURING INDUSTRIES

Percentage change 1970-79

	Capital stock gross	Capital stock net	Employment (full-time equivalent)	Output
Food, dring and tobacco	+37	+32	−12	+14
Iron and steel	+31	+26	−26	−21
Coal and petroleum products, chemicals and allied industries	+32	+22	−3	+36
Other metal manufacture, engineering and allied industries	+20	+16	−13	+2
Bricks, pottery, glass, cement, etc.	+30	+21	−19	+13
Timber, furniture, etc.	+38	+40	−5	+15
Paper, printing and publishing	+26	+20	−13	+16
Textiles, leather and clothing and other manufactures	+18	+11	−22	+7
All manufacturing	+26	+21	−15	+6

Slow increase in world activity envisaged

THE RECOVERY of economic activity in the main industrialised countries is likely to be slow over the next two years, the National Institute warns in its discussion of the world economy.

Total output, as measured by real Gross Domestic Product, is expected to rise by about 1½ per cent in 1981 and by roughly 2½ to 3 per cent in 1982.

The institute suggests that "although this is unlikely to be fast enough to stop unemployment from increasing, most Governments will probably maintain their cautious policies under the influence of rapid inflation and high and rising balance of payments deficits."

Oil prices in dollars are expected to rise by just over 20 per cent this year, and by rather less than that in 1982. Rises in other commodity prices, too, are likely to be much smaller in year-on-year terms in 1981 at least, as they have changed little since the early part of last year.

THE VOLUME OF WORLD TRADE

Percentage changes, annual rates

	1968-78	1979 (estimate)	1980 (estimate)	1981 (forecast)	1982 (forecast)
All goods	+6½	+6	+1¼	+3	+5
Manufactures ...	+7½	+5¼	+4¼	+3	+5

The increase in consumer prices should slow down to an annual rate of 10 to 11 per cent this year and perhaps to 9 per cent in 1982 from about 13 per cent last year.

These forecasts probably imply some further worsening in the terms of trade of the oil-importing countries, both developed and developing.

Despite a steep fall last year in the volume of trade in oil, the price had already increased the oil exporters' current surplus in 1980 to something like $130bn and it is expected to be close on $160bn by 1982. The deficit of the industrialised countries may approach $100bn and this is likely to be concentrated heavily on the Continent, notably West Germany.

The total volume of world trade, which last year probably rose by no more than 1 to 2 per cent, should nevertheless accelerate gradually, perhaps to 3 per cent this year and to 5 per cent in 1982, as the rate of decline in oil trade diminishes.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

How a retail giant woke up to the reality of big business

A West German stores group is trying to get to grips with continuing losses. Kevin Done reports

FOR 99 years Hertie, the third largest department stores group in West Germany, has got by without having an executive chairman. For 95 years, until 1977, it did not even have an executive board and with an annual turnover running to several billion D-Marks was controlled largely on the lines of a small family company.

For the last four years, however, Hertie has plunged deeply into losses and there is *little hope even among its most optimistic* senior executives of making the group profitable before the end of 1982 at the earliest.

For long one of the most *secretive, private family concerns* in West Germany—it first established a public relations department as recently as four years ago—Hertie is being forced by circumstances to come *to terms with the modern world.* Its first executive and supervisory boards were set up in 1977 largely to comply with the introduction of industrial democracy legislation in the Federal Republic and as of next week, for the first time in its history, Hertie will also have an executive chairman.

Bruno Lippmann, at 52, is moving from being general director of Grundig, the television manufacturer, at a difficult time for Hertie. Retail sales showed no growth in West Germany last year in real terms, and Hertie, along with the other big West German stores groups Karstadt, Kaufhof and Horten, is having to fight hard to hold its market share against the new aggressive merchandising forms such as hypermarkets and discount markets, which mushroomed during the 1970s catching the prestigious old stores groups asleep or unwilling to react.

Bruno Lippmann: taking on Hertie at a difficult time

Starting from nothing in the mid-1960s the hypermarket chains and allied retail outlets have enjoyed explosive growth to the point where they now take around 13 per cent of retail sales in West Germany. Apparently powerless to stop this process and disdaining to join the fight, the big stores groups have seen their share of the retail market stagnate and then decline slightly to some 11.5 per cent by the beginning of the 1980s.

Hertie, however, has also suffered problems which are peculiar to itself. It first plunged into the red in 1977 with losses of DM 89m. Without a clear recovery strategy the losses have only multiplied since with deficits of DM 57m in 1978, DM 48m in 1979 and probably at least DM 30m (£6.3m) in 1980 when sales totalled DM 6.5bn (£1.4bn).

At the end of 1979, these mounting losses forced the supervisory board to consider drastic action. The member of the board with responsibility for personnel and organisation, Hans-Ludwig Grueschow, was given the task of drawing up a strategy aimed at bringing the company back into the black. Although the strategy has now been formulated, the company is currently deeply involved in pushing its plans past the trade unions; negotiations on conditions for redundancies are still going on.

One of Grueschow's first tasks was to identify all the stores that were making losses of more than DM 2m a year over the last four years—no less than 31 of the 81 Hertie department stores, of which some were making losses of as much as DM 9-10m each. Of the loss-making 31, Grueschow believes that 27 can be made to pay their way. Ten of these are to be brought back into the black by improving and tightening up the range of goods sold and by selecting the merchandise on the basis of the preferences of the local population. The same approach will be adopted for 17 other stores but in addition they will be grouped into a number of regional federations, with four to five stores sharing a pooled administration and common purchasing.

Four stores are beyond saving, however, Grueschow has concluded, and must be shut with the loss of around 1,600 jobs. These four stores alone made losses of DM 30m in 1979 on sales of DM 165m. Other cuts in the Hertie workforce will come from the non-replacement of staff at central headquarters and in the bloated warehousing operations. The present workforce of some 54,000 could well be down to less than 50,000 by 1983, with more than 2,000 jobs being lost from non-sales functions in the group.

Together with McKinsey, the management consultants, Grueschow has analysed in detail DM 525m of overheads in administration and purchasing areas and he believes some DM 75m or around 15 per cent of these costs can be saved.

The warehouse network of some 100 depots will be pruned down to only 37 — "it grew wildly—without control—as the range of goods grew," says Grueschow. Some DM 100m could be spent over 5-6 years to build up a modern warehousing system, while the costs of redundancies this year could be some DM 20m.

Back into the black

Apart from the DM 100m for the warehouses there could be one-off costs of some DM32m to restructure and modernise the 27 remaining loss-making stores. Grueschow believes, however, that his strategy for turning Hertie round and bringing it back into the black has a potential for improving the group's performance by as much as DM 192.5m by the middle of 1983. The borderline between profit and loss should be crossed by the end of 1982, he says.

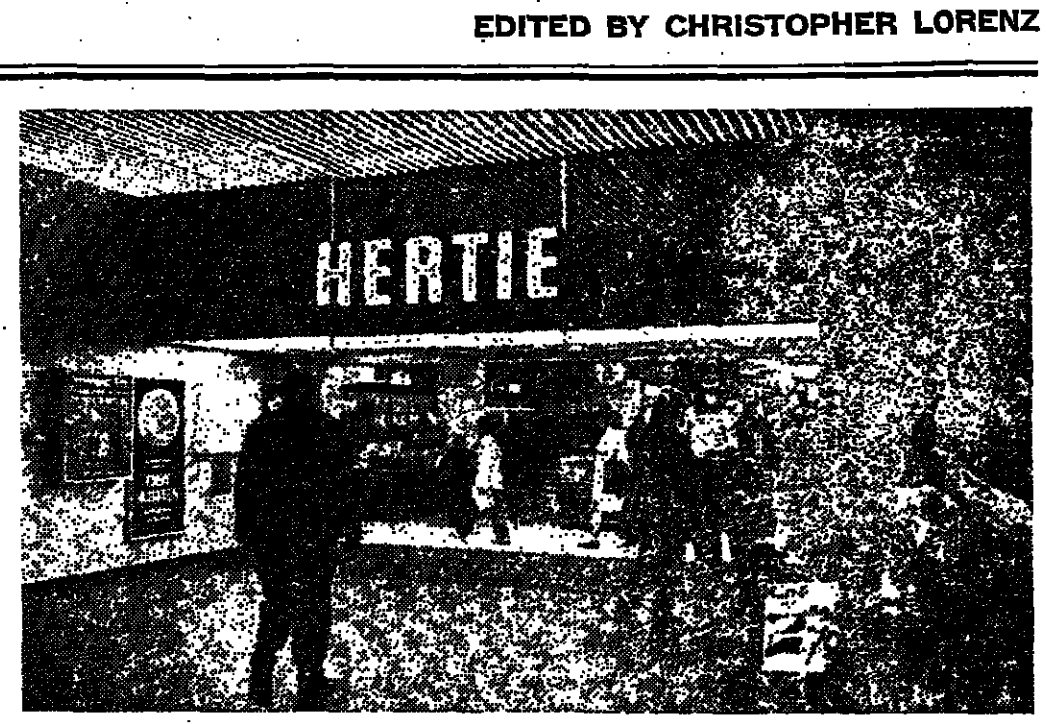
The group's recovery strategy still has something of an abstract, unreal ring to it and the trade unions have reacted sceptically to some of Grueschow's claims for Hertie's recovery potential. The unions fear more redundancies and have suggested that the closure of four stores this year is only the "tip of the iceberg." For the first couple of years of his chairmanship, however, Bruno Lippmann, the incoming chief executive, will have little choice but to put his faith in "Corporate Strategy '80" as Grueschow has named the Hertie recovery plan.

Today's Hertie group was virtually the creation of one man, Georg Karg. He was one of the most secretive and publicity shy of all the private German entrepreneurs who built massive personal fortunes after the war. He ruled Hertie autocratically until ten days before his death at the age of 84 in 1972, only then handing over the reins to his son, Hans-Georg, who was himself already over 50.

In 1977, Hans-Georg Karg himself withdrew from the daily running of the business to become chairman of the supervisory board, while day-to-day affairs became the responsibility of a seven-man executive board. Most of this board still represented Hertie's old guard—the majority has served with Karg senior, some since the 1930s—but by the end of 1981 no less than four will have left the company or retired, although replacements have not yet been found for all of them.

The deficiencies in management which began to show up clearly during the late 1970s and are only now being rectified, *clearly stem from the* earlier period when the reins of power were held in the hands of one man.

The Kargs have run Hertie since the 1930s. The original Hertie company, founded in 1882 by a family of Jewish traders led by Hermann Tietz (hence the name Hertie) ran into its first major problems in the world economic crisis of the early 1930s. Without exception the big department store groups fell an hard times and ended up in the hands of their bankers. The big banks, Deutsche Bank, Dresdner Bank and Commerzbank are still, nearly 50 years later, the major shareholders in Karstadt, Kaufhof and Horten, although in recent weeks Commerzbank and Dresdner have been busily disposing of part of their stakes in Kaufhof.



Of its 81 department stores, 31 have each lost more than DM 2m a year over the lyast four years

These three retail groups all developed as public companies but Hertie was different. With the forced emigration of the former Jewish owners, the Tietz family, in 1933, the banks looked to one of the senior non-Jewish executives to take over the running. They chose Georg Karg. *In the course of the four* years from 1936 to 1940 Karg managed gradually to buy out the banks' interests and won personal control of the company for himself.

Unfortunately for its later development the Hertie group was particularly strong in Berlin and the eastern provinces of the Reich. Its biggest, most prestigious store was on the Alexander Platz, now the centre of East Berlin. At the end of the war the group was virtually in ruins. Karg had only five stores left — the rest had been bombed or were in the eastern sector controlled by the Russians; some 83 per cent of the company was located in what is now East Germany.

After initial hesitation, at the age of 57, he set about moving his headquarters first to Hamburg and later to Frankfurt. Along with the rest of the West German economy Hertie grew wildly in the 1950s and 1960s, but had one major disadvantage over its rivals. Coming late to many cities in the West, Hertie had to settle for sites which were often far from ideal. Its *less than prime location in* many city centres is still one of the group's most important weaknesses. From 1950 when he had ten Hertie stores and nine Bilka outlets (smaller stores with a narrower selection of lower priced goods) Karg built rapidly. By 1960 he could boast a chain of 35 Hertie department and 14 Bilka stores.

To avoid huge death duties

Today the Hertie group has 118 stores (including the Wertheim and Bilka names) in the Federal Republic; sales in 1980 were DM 6.5bn and total sales floorspace was 9,880 square metres. By the end of June the number of stores will have been cut to 114 by closures in north and central Germany.

Because of its legacy, however, the group still gains 25 per cent of its sales from West Berlin, led by its flagship store, KaDeWe on the Kurfurstendamm, one of the biggest and most prestigious department stores in Western Europe.

Hertie is still in private hands although it is now 97.5 per cent owned by a trust, chaired by Hans-George Karg. The trust board includes his sister Brigitte Countess von Norman. Although the family holds the remaining 2.5 per cent of the group, it was forced to set up the trust, which is active in promoting multiple sclerosis research, to avoid potentially huge death duties. The Karg family also still owns the freeholds of the Hertie department stores in Frankfurt, Mannheim and Hamburg (the prestigious AlsterHaus) which are leased back to the group at rents said to be well below market rates.

If the group's structural development has been held back by its Karg family legacy, at least it has a sound financial foundation—if not trading performance—as a result of the profits of the good years being ploughed back into the company. According to Hertie, the present Karg family have never had to draw any dividends from the company, as Karg senior endowed each of his children with their own extensive private means.

Why the major oil companies have only themselves to blame

Ray Dafter reviews a book on OPEC's ascendancy

ENERGY forecasters have suggested that—barring another major upheaval in the Middle East—oil production this year should be more than enough to meet demand. Even so, the major oil companies remain nervous. It is the nervousness of a group which, once powerful, has found the control of oil production and pricing largely wrested from their power.

The Organisation of Petroleum Exporting Countries has become the dominant force in the international oil industry. Anyone who doubts this need only look at the attention paid to its half-yearly price fixing meetings. Occasionally an "OPEC watcher" from one of the major companies can be espied mixing with journalists on the perhiphery of such meetings.

It is about as close as the companies now come to the forum which not only determines energy prices but which also influences worldwide inflation, growth rates and the operating environment of the oil industry.

The major oil companies must now be kicking themselves. For as Ian Seymour's enlightening history* of OPEC clearly shows, the attitudes and actions of the big oil groups helped to galvanise the original OPEC member governments—Venezuela, Saudi Arabia, Iran, Iraq and Kuwait—into forming a producers' club. OPEC was born in Baghdad in September 1960 in order to provide the member states with a platform for "co-ordinating and unifying" their policies.

The oil companies should have heard the warning bells ringing. By the 1950s over 90 *per cent of the non-communist* world's production, refining and marketing facilities had been concentrated in the hands of eight multinationals: Standard Oil of New Jersey (now Exxon), Texaco, Standard Oil of California (Chevron), Mobil Oil, Gulf Oil, Royal Dutch/Shell, British Petroleum and Compagnie Francaise des Pétroles.

The governments of producing countries were becoming restive about their small share of oil revenues. An OPEC study conducted in 1963 showed that of the average price of a barrel of refined products — around \$11 — only 6.7 per cent went as government revenues to producing countries. In contrast, consuming countries imposed direct and indirect taxes equivalent to about 52.3 per cent of the selling price.

The member governments of the emerging OPEC were also unhappy about the power and, by implication, the arrogance of the big oil companies. Ian Seymour quotes Saudi Arabia's top oil official of the 1950s, Abdullah Al-Tariki, complaining: "They (the companies) do not like us to do anything. They prefer that the governments have nothing to do with the business they derive their living from."

Not necessary to consult

Ian Seymour—one of the most informed oil journalists and a close watcher of OPEC affairs for the past 20 years—says he is still puzzled why no one in any of the oil companies seemed to consider it necessary to consult host governments before they reduced posted prices in 1959 and 1960. "It seems that the companies were so wedded to their contractual right to make price changes unilaterally that they could not even conceive of an imaginative overture to the oil exporting governments. . . ."

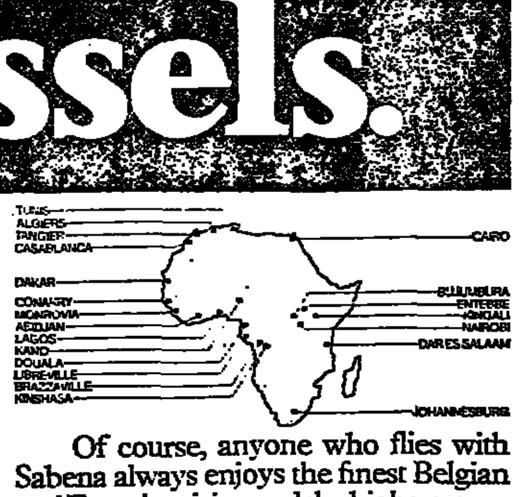
Those pricing decisions were largely the trigger for OPEC's creation. It is Seymour's contention *that the lack of consultation* was also crucial, for it helped to push Iran into an OPEC alliance. Without Iran the Organisation might have been gravely — perhaps fatally — weakened. The Shah was lukewarm about the idea of OPEC but in 1960 he conceded: "If the companies which produce our oil do not come and discuss the market situation with us, but cut our revenues without opening their books to us, what are we to think?"

This, then, is the tenure of the book. It is a sympathetic account of OPEC's birth and growth, written as an official history through the sponsorship of the Organisation itself. It is worth bearing this in mind when you read such comments as: "OPEC was thus ushered on to the world stage on a note of moderation and sweet reason. There was nothing particularly inflammatory about the foundation resolutions."

Nevertheless, this is a readable, and informative, account of the struggle for power between OPEC and the major oil companies. It also provides a useful reminder of the Organisation's more recent history, of its growing control over the production management and pricing of oil operations and of its aid programmes.

Looking to the future, Ian Seymour sees the prospect of "unparalleled opportunity" for OPEC and its national companies. "Now that they have taken charge of the mechanics of the world's crude oil supply and are energetically diversifying into refined product sales as well, there is really nothing that can stop them becoming a force to be reckoned with on the international oil scene."

* *OPEC — Instrument of Change*, by Ian Seymour, Macmillan Press. £15.



How not to report on nuclear power

BY DAVID FISHLOCK

There's a story they tell of Lord Hinton's reign as overlord of nuclear construction in Britain, when it was his custom to swing his eyes swiftly round a progress meeting, signalling each manager in turn to report briskly on progress. One project manager who had slipped behind schedule was just beginning to breathe easily again when Hinton swung his glare back and demanded: Are you building that plant or pulling it down?

The question might also be asked of the Select Committee on Energy, a new one set up by the present Government, whose antecedents lie in the now-defunct Select Committee on Science and Technology. The new committee produced its first report last week; a mish-mash of a report containing no fewer than 91 "principal" conclusions and recommendations, often trite and sometimes mutually contradictory.

If they add up to anything it must be that our Parliamentarians have failed to understand the Government's strategy on nuclear energy. Yet that is precisely what they set out to study and report to Parliament upon, and they themselves include verbatim in their report.

The first requirement of a report from people who see themselves as communicators and concise. It was not even clear to the journalists who gathered for the report's first public appearance whether this committee was in favour of nuclear energy or against it. The chairman, Mr. Ian Lloyd, had to spell out the fact that it was in favour.

Politicians have remarkably little feeling for the boundary between what must be left to engineering judgment and what legitimately is a political decision. Planning margins in a highly technical industry, for example, must be a matter of fine engineering judgment. Such are the lead times in the electricity industry, the politicians may well be beyond reach when our lights go out.

The Energy Committee armed itself with a phalanx of advisers. But the cynic would say that these advisers were brought in by individual members of the committee simply to reinforce a personal view.

The eight pages of conclusions and recommendations read like a catalogue to which each committee member (and his adviser) has been invited to contribute his quota, with little consideration whether they would contribute to what P. G. Wodehouse would call a "feast of reason": or indeed whether they even contradicted each other.

The chairman, it is said, is pleased with his first report. His principal cause for congratulation seems to be that the report as a whole is unanimous in its conclusions.

Yet unanimity of view, however flattering to the chairman's skills as a diplomat, is scarcely relevant if efforts to conceal the disagreements, to reconcile the irreconcilable, have meant sacrificing any clear-cut advice or conclusions.

My advice to this Select Committee before it attempts to draft its next report is to re-read one report Parliament itself has already acknowledged was clear, concise and quite unequivocal in its conclusions. This is the report of the public inquiry into the Windscale project, written by Mr. Justice Parker in 1978.

Appreciation

Of course, it was hated by those who opposed the project for, shorn of the obfuscation on which they depended to create political uncertainty and delay, their case as reported upon looked very thin. But Parliament and the Government itself showed their appreciation for a report which, for once, answered clearly the questions they had posed. They voted the project through without further delay.

The Government has probably already decided to ignore the Energy Committee's first report. If reports in the *pipeline* — *on energy pricing* and combined heat and power — are not to suffer a similar fate the Energy Committee should seriously consider the charge that where it most evidently needs advice is in presenting a report. The best man to cut through its confusion may well be a learned judge.

Where the unemployed seem resigned to it

BY COLIN INMAN

AROUND BRITAIN

SCUNTHORPE

WHEN Geoffrey Chambers took over the management of Scunthorpe's job centre in 1979, he could hardly have envisaged that just two years later he would be faced with the task of helping to cope with one of Britain's major employment problems.

In 1979 unemployment in Scunthorpe was running at a modest 5 per cent. The British Steel Corporation's three plants were still recruiting workers. Companies wanting to move to the area were warned that labour might be in short supply because of competition from the relatively high paying steel industry.

Now Mr. Chambers is having to deal with a register of 8,664 jobless, a total which will increase by 1,400 this week as a result of the closure of the Normanby Park steel works and of one of the two rod mills at the Appleby Frodingham works.

Further redundancies from these plants and "knock on" effects mean that by summer there may be 15,000 people out of work, 23 per cent of the workforce, a higher rate than any steel town except Consett and Corby.

The job centre's notice boards show few full-time vacancies in or around Scunthorpe, hardly any suitable for redundant steel workers. In addition, more *women have decided to return* to work, leading to an over-supply of those looking for part-time jobs.

Typical among those who have lost their jobs this week is steelworker Owen Jones, aged 50, who earned around £145 a week at Normanby Park and who admits that he would now be happy to find a job that paid £60 a week. He has applied for retraining in motor repair and maintenance but retraining is no guarantee of a job, as he points out. He is resigned to the fact that he may never work again, and sees little better prospect even if he were prepared to move away. A few steelworkers have moved to EEC countries, but now even this outlet has dried up.

The shock of dismissal will be tempered for Mr. Jones and his colleagues by generous redundancy money — and because steel-making is not a job that many of the workers enjoy.

Redundancy payments to longer serving employees can be as high as £15,000 for manual workers and much more for staff employees. But, in spite of this, there is little evidence of a spending spree in the town. Holiday bookings are doing fairly well (curiously there has been a little boom in the sales of beds). But by and large the redundant steel-worker has thought carefully about what to do with his money and has sought investment advice from banks and building societies.

The banks report a steady stream of inquiries coming through their doors, and the local building societies admit that they have had a field day. Only a few borrowers have chosen to pay off their mortgages.

Some of the redundancy money will find its way into new small businesses as groups of workers pool their payments, and a whole range of advice and assistance is available for anyone who wants to do this. But any idea that a whole rash of new small firms is going to do anything appreciable to alleviate the area's unemployment is likely to prove over-optimistic.

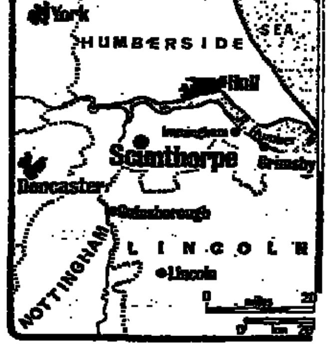
BSC Industry, British Steel's subsidiary which helps bring new jobs to declining steel areas, which moved into Scunthorpe only last month (rather late in the view of many local people) says that "quite a number" of workers have taken retraining. But the basic fact is that there are simply no jobs available in or around Scunthorpe to suit most of the unemployed.

This situation has put a growing burden on the local borough council. It not only *has to cope with a reduction in* rate income — the closure of Normanby Park alone will mean the loss of £1m of rateable value — but also with the task of attracting new industry to the town, industry which would be sharply different in character from the town's traditional base.

So far the council seems to have made all the right moves. Bitterly disappointed at not being awarded one of the final two Enterprise Zones — they went to Wakefield and Hartlepool — the council slapped in an application to Sir Keith Joseph, the Industry Secretary, for special development area status.

In a lucidly worded and coherently argued case, the council points out that the town's present development area status does not allow it to offer sufficient incentives to attract industrial concerns.

The vital need, the submission points out, is for Scunthorpe to be able to diversify its industrial base. The difficulty is that it shares this aim with almost every industrial town in Britain.



"The real problem," says *borough surveyor*, Mr. Ian Hutchison, "is getting anyone to come at all. What we need is one big fish to give us confidence."

The big fish Mr. Hutchison has in mind—along with many other minds — is Nissan's Datsun car plant, but local opinion suggests that Scunthorpe is not a serious runner.

One point in Scunthorpe's favour is that it belies its southern image as the archetype of the grimy industrial north. A pleasant, spacious and clean town, *the three steelworks* are discreetly hidden from view. There is a well designed pedestrian shopping precinct—so far without any great rash of "To Let" signs—plenty of parks, good facilities for sport and several community centres: and the council is intending—not without opposition from local traders—to put up a £3m leisure centre.

So far, of course, the town has not felt the worst. Retailers have had to work a little harder to keep their sales up, while the pubs are losing custom to the many clubs, where drinks are generally cheaper. But there is an acceptance that in a year or so things may be very different: "How am I to order my autumn stock," said one menswear retailer, "when I don't know whether people will have any money to spend by then?"

Perhaps the most surprising fact about Scunthorpe is the resignation with which the cut-backs have been accepted. Union efforts to stir up protest have been generally unsuccessful—many people consider that last year's steel strike was a disaster—and there has been a general feeling that nothing can be done.

It is hard not to feel that if they had been Welsh the people of Scunthorpe would by now have marched upon Whitehall.

Spartan Missile well on target

RACING

BY DOMINIC WIGAN

ANYONE contemplating a Grand National interest in Spartan Missile might do well to make the trip to Kempton this afternoon where the country's leading hunter chaser takes on Remigio, among others, in the Corinthian Hunters' Chase.

The race ought to be an informative guide to Aintree this *year because* Remigio, easy winner last year, is probably now back at his best, while Dancing Brig and Village Mark should also make their presence felt.

Spartan Missile, who pulled a ligament last season which prevented him from entering the Cheltenham Gold Cup and the Grand National, lost his only race to date this season in the Stewards' Room. Veering off a straight line on the run into Sandown's Wilfred Johnstone hunter's chase earlier this month, Spartan Missile laid the grounds for an objection by the rider of second-placed Ramblix. The objection was sustained.

That race, over an inadequate 2½ miles, will have brought Spartan Missile on considerably and it will be disappointing if he cannot account for the 13-year-old Remigio. Both are likely to prove too strong for Dancing Brig, who may have been flat*tered by his defeat of Havanus* at Huntingdon a fortnight ago. Village Mark is an improving sort, but will do well to cope with his older and considerably more experienced opponents.

Fred Winter, handler of Remigio, should have at least one winner whatever the outcome to the Hunters' Chase, for Black Rod appears weighted to get off the mark in the Littleton Novices' Handicap Hurdle. Only untidy jumping has prevented him from opening his account in two of his last three races.

Haydock Park may stage a programme of six steeplechases on Saturday, March 7 if waterlogging makes the hurdles course unfit for racing.

If the hurdles course cannot be used, all hurdle races at the meeting will be abandoned and the two chases on Friday's programme will be transferred to Saturday. The Mad Hatter Novices' event will be divided *at the overnight stage to make* up a six-race programme.

KEMPTON
2.00—Washington Heights
2.30—Black Rod ***
3.30—Spartan Missile
4.00—Malvan **

STOCKTON
1.45—Bustedaway
2.15—Palace Royal *

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.02 For Schools, Colleges. 3.20 Y Doctor Kate (tribute to Dr. Kate Roberts). 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Finders Keepers. 5.05 Grange Hill. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 A Question of Sport.
7.30 Coming Home.
8.00 The Walls of Jericho
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 The Time of My Life (London and South East only).
10.43 News Headlines.
10.45 Royal Heritage.
11.45 The late film: "Destination Gobi!" starring Richard Widmark.

All Regions as BBC1 except as follows:

Cymru/Wales—1.45 pm O dan y mor. 2.02-2.22 Ysgolion: hwnt ac yma. 4.45-5.05 Duwiau ac arwyr. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Gwerinwr yn ei gastell! 8.00 Tomorrow's World. 8.25-8.50 Triangle. 10.15 Week In Week Out. 11.05 News for Wales. 11.06 Royal Heritage. 12.05-1.31 am The late film: "Rebel Without a Cause" starring James Dean.

Scotland—11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 It's Himself . . . Norman. 10.43-10.45 News for Scotland: National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.43-10.45 News for Northern Ireland: National News. 1.15 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds): Look North (Newcastle): Look North West (Manchester): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South West (Plymouth). 10.15-10.43 East (Norwich)—Weekend: Midlands (Birmingham) — Midlands Tonight: North (Leeds)—Rock Athlete: North East (Newcastle)—Coast to Coast: The Decision-Makers: North West (Manchester) — "Somewhere More Central" (play): South (Southampton) — Cusden On Location: South West (Plymouth)—Birth of a Business: West (Bristol)—RPM Rock.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC1 3.55 pm).
4.50 Open University.
†5.40 Charlie Chaplin in "*Shanghaied*."
6.05 Monkey.
6.50 Speak for Yourself.
7.15 Mid-Evening News
7.25 Oxford Road Show.
8.00 Gardeners' World.
8.25 America Catches Cold.
9.00 Call My Bluff.
9.30 Playhouse.
10.50 Newsnight
11.35 Friday Night . . . Saturday Morning

BBC2 Scotland only—2.00-4.40 pm—The Embassy World Indoor Bowls Championship.

LONDON

9.30 am Schools Programmes. 12.00 The Magic Ball. 12.10 pm Once Upon a Time. 12.30 A Better Read. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "The Daughters of Joshua Cabe Return." 4.15 Dr. Snuggles. 4.20 The Adventures of Black Beauty. 4.45 The Extraordinary People Show. 5.15 *Clapperboard*.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Magnum (TV movie).
9.00 Second Chance.
10.00 News.
10.30 Benson.
11.00 The London Programme: Council Spending.
11.35 Mannix.
12.30 Close: Personal choice with Tony Lothian.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 House-party. †2.25 Friday Film Matinee: "Crest of the Wave," starring Gene Kelly. 6.00 About Anglia. 10.30 7 Days. 11.00 Soap. †11.30 Friday Late Film: "The Caine Mutiny," starring Humphrey Bogart. 1.40 am At The End Of The Day

ATV

1.20 pm ATV News. 2.45 No Apple For Johnny (Cartoon). 2.50 Movie Matinee. "Beyond The Bermuda Triangle," starring Fred MacMurray. 6.00 ATV Today. 10.30 Soap. 11.00 ATV News. 11.05 "Master Of Terror" starring Peter Cushing

BORDER

1.20 pm Border News. 2.45 Matinee. 6.00 Lookaround Friday. 6.30 Survival. 7.30 Charlie's Angels. 10.30 Your MP. 11.00 Quincy. 11.55 Border News Summary

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "The Log of the Black Pearl." 6.00 Channel Report. 6.30 Ladies First. 6.55 What's On Where. 10.28 Channel Late News. 10.36 Soap. 11.05 Brown Study. 11.35 Friends Of Man (Huskies). 12.00 News and Weather in French

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Friday Matinee: "In Name Only" starring Michael Callan. 6.00 North Tonight including Sportscall. 10.30 Police Story. 12.10 am Seachd Laithean. Gaelic review of the week's news. 12.25 North Headlines, Road Report

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. †2.45 Friday Matinee: Dawn Addams in "The Hour of 13." 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 After All That, This. 11.10 Film of the Book: Rock Hudson in "A Farewell to Arms."

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 The Friday Matinee: "Strange New World." 6.00 Report West. 6.30 Welcome Back Kotter. 10.28 HTV News. 10.35 Report Extra. 11.05 Soap. 11.35 Camera.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Y Peiriant Eithaf. 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "A Summer Without Boys." 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here—Marie Gordon Price sings the songs of Judy Garland. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies Through Midnight: "Baby Love" starring Keith Barron, Linda Hayden and Diana Dors

SOUTHERN

1.20 pm Southern News. 2.00 House-party. 2.25 "To The Ends Of The Earth," starring Dick Powell. 5.15 Mr. And Mrs. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Out Of Town. 10.35 Recipe For Disaster. 11.35 Soap. 12.00 The Late, Late Premiere: "Love."

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "The Smallest Show On Earth," starring Virginia McKenna and Bill Travers. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Film of the Week: "Rider on the Rain," starring Charles Bronson. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. 2.45 Friday Matinee: "Lost In The Desert." 4.13 Ulster News. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Benson. 11.35 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "The Log Of The Black Pearl." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Soap. 11.05 S.W.A.T. 12.00 Faith For Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Friday Film Matinee: "Lost In The Desert." 6.00 Calendar (Emley Moor and Belmont editions). 6.30 *Calendar Sport*. 10.30 Soap. 11.00 Pro-Celebrity Snooker. 11.45 Lou Grant.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell with Ring-a-Disc. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 Steve Jones (S). 8.00 Friday Night is Music Night (S) (Part 1). 8.40 Interval Talk. 9.00 Friday Night is Music Night (S) (Part 2). 9.55 Sports Desk. 10.00 Castle's On The Air. 10.30 The Organist Entertains. 11.00 Brian Matthew with Round Midnight including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Barber (S). 10.00 Clarinet Compositions from this Century (S). 10.40 Kristin Merscher piano recital (S). 11.30 BBC Singers (S). 12.05 pm BBC Northern Symphony Orchestra Concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.45 French Baroque Cantatas (S). 2.30 [illegible] string quartet recital (S). 3.00 [illegible] Orchestra of the [illegible] (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 [illegible] (S). 7.30 Emanuel Ax piano recital, part 1 (S). 8.20 One Pair of Ears. 8.40 Emanuel Ax, part 2 (S). 9.15 The Price of Victory. 10.15 Music in our Time (S). 11.00 News. 11.05-11.15 [illegible] by Biber (S).

VHF ONLY—Open University—5.55-6.55 am and 11.15 pm-12.35 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Two at One? 11.50 Natural Selection. 12.00 News. 12.02 pm You And Yours. 12.27 My Music (S). 12.55 Weather, Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 [illegible]. 4.15 Pretty Up To Now. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather, Programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 The Week in Synod. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Blackburn Total Music Show. 2.30 Tony Blackburn. 5.00 The News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

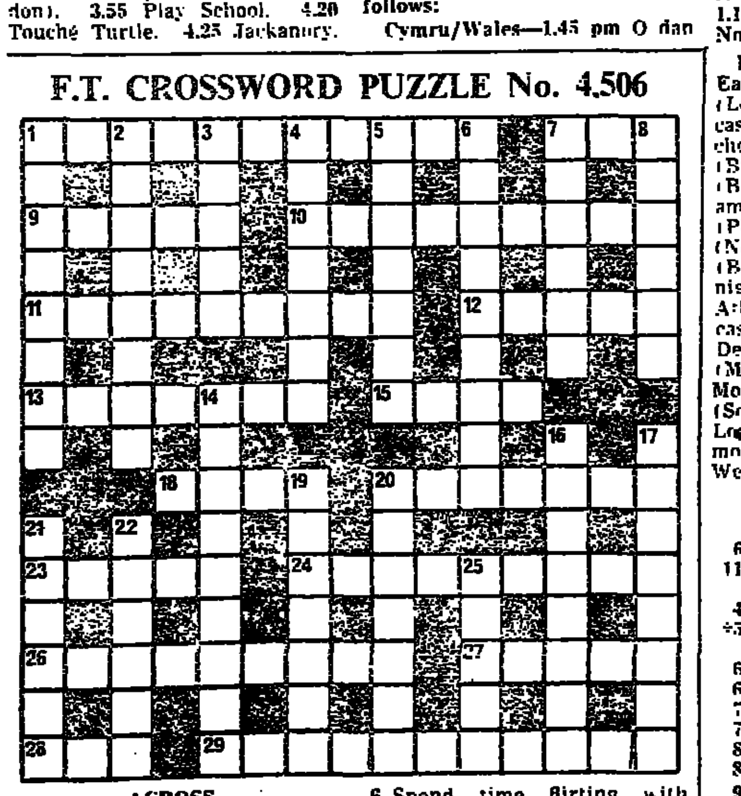
London Broadcasting

5.00 am AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London [illegible]. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 am Night Extra. 4.00 London Pulse. 4.30 City Week. 5.00 *Morning Music*.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight with Sarah Ward. 9.00 Nicky Horne. 11.00 Greg Edwards live from The Best Disco in Town at the Lyceum. 12.00 Richard Allinson.

F.T. CROSSWORD PUZZLE No. 4,506



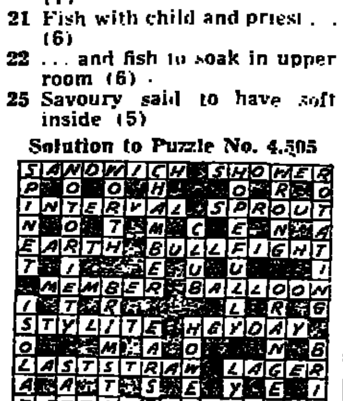
ACROSS

1 Smuggling articles for Fool and associated member (11)
7 & 28 Short poem for child to catch (6)
9 Due to be paid (5)
10 Remember about prayer (9)
11 Mother I left to instruct letter-carrier (4-5)
12 Suffer at home with dog (5)
13 Responded to a stimulus and performed again (7)
15 Dash in the lane (4)
18 Just a trade-show (4)
20 Man who hits the bull in a pub game? (7)
23 Conscious of a conflict to the east (5)
24 Abstract *I have to follow* in a type of biscuit (9)
26 Divination, putting supporter in raiding excursion (9)
27 First stiffly formal article (5)
28 see 7 Across
29 Record or move with measured steps in cacophony (11)

DOWN

1 Reserve foreign currency that may indicate a novel place . . . (8)
2 . . . or I drink with a learner and it's novel (8)
3 Illuminate a window (5)
4 Fish to catch for a wreath of flowers (7)
5 Fumes to inflame with anger (7)
6 Spend time flirting with dashing person about four (10)
7 Smell fish from the south (6)
8 Officer authorised to certify contracts, but not on a railway (6)
14 Equatorial blow for business in twist (5, 4)
16 An increase in arithmetic (8)
17 Poisonous salt soldiers turn up on legislative body (8)
19 Change one's clothes to compensate (7)
20 Game not changed, but it's found under many bonnets (7)
21 Fish with child and priest . . . (6)
22 . . . and fish to soak in upper room (6)
25 Savoury said to have soft inside (5)

Solution to Puzzle No. 4,505



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight 7.30 Madam Butterfly. Tomor. 7.30 Cinderella. [illegible]

COLISEUM. S. 836 3161. CC 240 5258. LONDON FESTIVAL BALLET. [illegible]

COVENT GARDEN. 240 1066 [illegible]

SADLER'S WELLS THEATRE. [illegible]

THEATRES

[illegible]

THEATRES

WESTMINSTER. S. CC. 01-834 0283. From March 3. MATINEES ONLY at 2.15. Sats. 3.0. THE NAMESAKE. A new play about King Alfred and the Vikings

WINDMILL. CC. 01-437 6312. Continuous perfs. nightly including Sundays. Paul Raymond presents RIP OFF! Hotter than ever for 1981. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. S. 01-836 3028. Credit card bkgs. 379 6565. Mon.-Fri. 8. Sats. 6 & 8.45. Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Ton't Sat 7.30 PYGMALION. Mon, Tue 7.30 RICHARD II.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: FLASH GORDON (U). Wk. & Sun. 2.00, 5.15, 8.15.

CLASSIC ENTERTAINMENT
Teledata 01-200 0200

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. Last perfs. bookable all screens.
1: RAGING BULL (X) in Dolby Stereo. Progs. 12.20 (not Sun.) 2.55. 5.30. 8.25 (doors open 8.00).
2: LITTLE LORD FAUNTLEROY (U). Progs. 1.00 (not Sun.), 3.10, 5.30, 8.15 (doors open 8.00).
3: THE JAZZ SINGER (A) in Dolby Stereo. Sep. perfs 12.35 (not Sun), 3.05, 5.35, 8.30 (doors open 8.30).

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310. Opp. Tottenham Crt. Rd. Tube. Fully air conditioned.
1: WATERSHIP DOWN (U) in Dolby Stereo. Progs 1.50, 4.05, 6.20, 8.35.
2: BATTLE BEYOND THE STARS (A). Progs. 1.40, 3.55, 6.05, 8.20.
3: PRIVATE BENJAMIN (AA). Progs. 1.20, 3.35, 5.50, 8.10.
4: THE LONG GOOD FRIDAY (X). Progs. 1.30, 3.50, 6.10, 8.30.
5: AIRPLANE (A). Progs. 1.00, 3.00, 5.00, 7.00, 9.00.

CLASSIC, Leicester Square, 01-930 6915. THE EXTERMINATOR (X). Progs. 12.50 (not Sun.) 2.45, 5.25, 8.00.

CURZON, Curzon Street, W1. 499 3737. BURT LANCASTER, SUSAN SARANDON in LOUIS MALLE'S ATLANTIC CITY (A). Film 2.00 (ex. Sun.), 4.05, 6.20, 8.40.

ODEON HAYMARKET (930 2738-2771). ALIEN (X) IS BACK! in 70 mm and Stereo sound. Sep. progs wks 1.45, 5.40, 8.00. Sun. 4.20, 7.45. Late night show Sat. 11.15.

ODEON LEICESTER SQUARE (930 6111). Jane Fonda, Lily Tomlin, Dolly Parton. NINE TO FIVE (AA). Sep progs drs open wks 1.15, 4.20, 7.30. Sun 3.00, 7.30. Late night show Fri & Sat. drs open 11.15.

ODEON MARBLE ARCH W2 (723 2011-2). THE EMPIRE STRIKES BACK (U). Sep progs drs open dly 2.30, 6.45. Late night show Sat WOODSTOCK (X). Drs open 11 pm.

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Cinema

Ladies—dead and alive

by NIGEL ANDREWS

The Mirror Crack'd (A) ABC Shaftesbury Avenue
Resurrection (AA) Plaza 2
Private Benjamin (AA) Warner West End
The Long Good Friday (X) Ritz
Gates of Heaven Electric Cinema
Erich Von Stroheim National Film Theatre

Welcome to Ladies' week. Goldie Hawn burns her brassiere and joins the Army in *Private Benjamin*. Ellen Burstyn returns from the dead to find that she has faith-healing powers in *Resurrection*. And Elizabeth Taylor and Kim Novak return from the metaphorical dead — that corner of Beverly Hills that is foreever the ex-stars' Valhalla — to find that they have no miraculous power whatever capable of curing the fractures and follies of *A Mirror Crack'd*.

Resurrection and *Private Benjamin* are both in their different styles fables of feminism. *A Mirror Crack'd*, by contrast, is one of those archaic grandstand entertainments customarily dubbed "shamelessly old-fashioned." Handsomely dressed and stuffed to the gills with Great Ladies of the Cinema — Taylor, Novak, Angela Lansbury (as Agatha Christie's Miss Marple), not to mention the gawkily magnetic Geraldine Chaplin — it's like a wild, baroque explosion of the Hollywood Id against the Super-ego strictures and hair-blouse puritanism of Women's Lib.

As a film, if truth be told, it's *mostly awful, but it also has* an awful fascination. Somewhere beetling away inside the absurd all-star Alhambra of its plot (based on Christie characters, but not on any one Christie story) is a stalwart parody of Hollywood star-worship. Miss Marple, hibernating in her rose-covered English cottage, is called upon to lend her wizened wisdom to the question of who is murdering whom among the Great American Movie Celebrities currently staying up at the local manor (where they are *filming Mary, Queen of Scots)*. Edward Fox rallies round twitching his moustache as Inspector Craddock, Miss M's nephew, and Miss Lansbury bobs along as the lady sleuth herself, burbling encouragement and ingenuity from the sidelines.

The plot is pin-brained and custom-built—pure Whodunnit tokenism. What you buy your tickets for, the makers undoubtedly hope, is the gaudy galaxy of stars, all encouraged to Do Their Own Thing to the point of self-parody. Rock Hudson (as the movie's director) and Tony Curtis (producer) dispense polar brands of Hollywood machismo—H. strong-jawed and immovable as Mount Rushmore, C. mercurial and Brooklynite—while Misses Taylor and Novak as rival actresses swan across the foreground exchanging would-be rapier-like insults (Novak to Taylor: "Chin up, darling—both of them"; Taylor to Novak: "There are two things I've always admired about you. Your face") while going through enough changes of wardrobe to carpet and curtain Versailles. *For all its over-dressing* it's a yawning, ludicrous void of a film, offering ample proof to the scientifically curious that when stars implode what you get is a black hole.

★

The black hole offering itself to Ellen Burstyn in the austerer *Resurrection* is — death itself. Miss Burstyn goes out-for-the-count on the operating table after a car-crash, and before being resuscitated she glimpses the "Beyond." Here her relatives and passed-on forebears smile kindly upon her from some kind of radiant, receding corridor, a Tunnel of Love, as 'twere, after-life style. Returning to life and consciousness, our heroine moves out to her father's home in remotest Kansas to convalesce and there *discovers that she has* miraculous healing powers, which she duly exercises upon the locals.

They counter not with simple gratitude but with 57 varieties of wild mystic suggestibility—variously charging Miss B with being Christ come-again or Satan's agent or some other, non-denominational Messiah. Though Ellen Burstyn strides handsomely through the story with her chubby-cheeked, worldly sadness and her grated-lemon voice, she can't disguise the fact that the strategy *of the film's screenplay* (by Lewis John Carlino) is potty. We are asked first to accept an irrational story premise and then to tut-tut at all the supporting characters for havings irrational reactions to it. As lief make a film about the lost city of Atlantis bobbing into view in mid-ocean and expect the characters to shrug it off sagely with, "Ah yes, just another lost city surfacing again."

Daniel Petrie directs it all with bold unblenching naturalism, and Sam Shephard (dramatist turned thespian, last seen in *Days of Heaven*) scowls potently through the tale as the macho stringbean and Minister's son who becomes Miss B's lover (only to take a pot-shot at her after reading the Bible too much between love-trysts.) But all go under eventually, as question-marks hail down over the movie like an interrogative monsoon. Why one asks, doesn't Miss Burstyn move to a more sympathetic, "progressive" environment? (Her pre-crash home was Los Angeles.) How on earth does she evade the nationwide—or at least statewide—swoopings of newspapers, TV and their ilk? Is the power *to faith-heal automatically* guaranteed by a momentary sojourn in the after-life?

Resurrection is also, of course, doing covert duty as a fable of *feminism — registering* the seismic shock that greets a woman suddenly possessed of new, strange, sex-transcending powers. *Private Benjamin* is a *feminist fable too, but about as* covert as a ticker-tape parade. There is fun early in this movie as Goldie Hawn, widowed on her wedding night by a coitus *permanently interruptus on the* bathroom floor (husband has a cardiac), girds up her flaxen tresses and her goofy smile to join the Army. Kowtowing on-duty to busty bruiser Eileen Brennan (call me Captain) and off-duty to *charmant* young French doctor Armand Assante, who is 'ere long unmasked as an M-C pig, she discovers that Women's liberation still has a long way to go. So, alas does the film. It's fine for an hour or more of larky army fun, but thereafter, as mirth gives way to messages, you will find yourself counting the minutes till demobilisation.

★

Evangelistic British critics have been going about claiming that *The Long Good Friday*, written by Barrie Keeffe and directed by John Mackenzie, is the best British crime thriller ever, Britain's answer to everything from Fritz Lang to Simenon. Tush, tush: proportion in all things. Keeffe and Mackenzie have a whale of a time carving up London dockland between rival gangs, and Bob Hoskins as the cockney gangster boss slaps raw one-liners across the counter like an epigram-servicing butcher. But the film is basically a prime cut of prime-time television, snazzily sliced and coloured and seasoned with some strong-nosed violence. Tune your expectations to the right waveband and you should appreciate and enjoy.

★

At remote ends of London, two compulsory curios. Errol Morris's *Gates of Heaven* at the *Electric Cinema is a "documentary"* about an American pets cemetery, about the four-square and stoically bizarre family that runs it, and about *much, much more. Morris has* found a whole and hilarious backwoods offshoot of the American Dream here: human intelligence writ small, human endeavour writ large and loopy in this marvellous gallery of talking heads, all as proud, unblinking and wreathed in blind wisdom as trophy-animals on a wall. It's a *tableau vivant* tragicomedy masquerading as a documentary, and it's a little masterpiece.

Erich Von Stroheim, actor and director, is on display at the National Film Theatre from Monday. Relish the doomed monumentality and majestically sprawling realism of Stroheim the film-maker—so bent on marathon-length movies that producer Irving Thalberg dubbed him a "footage fetishist"—and admire the stiff-backed Prussian hauteur, wired for black irony, of Stroheim the performer. *Greed, Queen Kelly, Foolish Wives, La Grande Illusion, Sunset Boulevard,* all are spread out before you. Book now: the season lasts throughout March.

Kim Novak, Rock Hudson and Elizabeth Taylor in 'The Mirror Crack'd'

Gareth Armstrong, Philip Madoc and Ray Smith

Sherman, Cardiff

No Man's Land

by B. A. YOUNG

I saw this play four times with Gielgud and Richardson, and would gladly see it four more, yet I'm still not sure whether it's a good play. It contains four fine acting parts, but it doesn't contain much else apart from some easily-*contrived mystification, such as* Pinter has been giving us since *Birthday Party*, and Pinter's curiously indefinable poetry. Do four good parts make a good play? Well, *not necessarily. No Man's Land* is as good as a Paganini caprice or a Liszt transcedental study; it provides a platform to display technique *from*, Pinter's *as* much as the players'.

Any suspicion that its London success depended only on its two leading actors is de-fused in *this production* by Theatre Wales, a new company running a short pilot season to assess its chances as a successor to the Welsh Drama Company, starved *to death by the Welsh Arts* Council. The company's first production, *What the Butler Saw*, got poorish notices but was fully sold out, and *No Man's Land* was almost full on Wednesday, so the auguries are good.

Director Alan Vaughan Williams has assembled four players of *more-or-less* equal accomplishment, and so does away with the London production's feeling of a star vehicle. Hirst, the prosperous lush in his luxurious drawing-room (it suggests Hamm's cell in *Endgame* lavishly decorated by Adrian Rees), is played by Philip Madoc, television's Lloyd George, as a man only verging on middle age, whereas Gerald James's white-bearded Spooner in his shabby business-suit is clearly older. This doesn't *invalidate their exchanges, for* we know, or we think we know, that everything they say is made up on the spur of the moment. Ray Smith gives Briggs a marvellous mixture of the custodial and the maternal, and Foster, with his hints of curious activities in the Far East, keeps a touch of menace in his light-hearted tales of adventure.

The quartet are beautifully balanced, the timing of their interplay immaculate. Nothing is perfect, and the lighting sometimes seemed to be out of sync with the acting. Otherwise I thouht the prospects for Theatre Wales distinctly good, if this is to be representative of the standards they are to set.

Young Vic

Richard II

Robin Lefèvre's production is set in Eastern Europe before the Revolution. There is no very good reason for this, but the idea becomes dangerously specific when Richard appears as a Czarist martinet and Bolinbroke as a withdrawn grumbler with a red tie and a marked similarity to Lenin. How this relates to a play about the divine right of kings and the geographical and social upheavals in an island country unmistakeably called England I have yet to work out. Are we to presume that Richard's autocracy is about to be usurped by some other system? If so, the central discussion of the nature of a particular type of government must be ignored.

Period costuming of Shakespeare can work very well. Recent examples include Jonathan Miller's *Measure*, the same director's *Merchant* and John Barton's *Much Ado*. But the points of reference in *Richard II* to this sceptred isle in a tumultuous phase of its history will not stand this hotch potch approach. York and John of Gaunt in frock coats exude a jarring Edwardian tone. The sorrow of Gloucester's widow in the first scene is reduced to bourgeois moaning, as if in an opera interval. When York (Clifford Rose) hears, *in one* scene, of the death of the Duchess, his son's defection to Ireland and the massing of rebel troops, he reacts as if in receipt of some bad news at the club.

To make things worse, Grant Hicks has designed a large black pit around which the hapless protagonists gather to deflect their speeches through awkward angles. The antithetical qualities of the verse are continuously decimated by lack of focus. Nickolas Grace, a sparkish and resourceful actor, begins as a preening, smirking monarch insecure in his role, but fails to negotiate the great transitions beyond signalling his intention of doing so by sinking to his knees to change the subject to worms and the death of kings. You miss the sense of a man stripped of office and learning about the world as the walls close in.

Stuart Wilson who, in his time, has been splendid as both *Laertes* and *Hotspur* at Stratford, curls himself up entirely behind a faceless mask as Bolingbroke, rattling through the lines and withholding any comment on *his* deviousness until enigmatically crumbling at the final curtain. Robert Eddison is predictably mellifluous as John of Gaunt (although unnecssarily tetchy in the final speech) before failing triumphantly to disguise himself as Carlisle, or perhaps it is Archbishop Makarios. There is also a feeble Exton, a light-weight gardener and a lot of inconsequential standing around by lords in button-up tunics.

MICHAEL COVENEY

Elizabeth Hall

ECO/Asensio

Enrique Garcia Asensio, in charge of the English Chamber Orchestra's concert on Wednesday, is the regular conductor of the Spanish Radio/Television SO in Madrid. His mastery of the national idiom was obvious in a reading of Falla's *El amor brujo* that gripped from *the* biting attack on the very first phrase. Tension remained high throughout. It was done not by magic but by faithful observance of Falla's ultra-careful markings of phrasing and dynamics.

Falla's superiority as an orchestrator came not from ability to apply picturesque colour but from practical experience and understanding of acoustics. He knew how to make a modest orchestra sound like a large one. Sarah Walker lent her huskiest *tones to the* vocal part. In case lesser performers feel encouraged to imitate her, it may be worth pointing out that the exciting effect owed more to good musicianship than to exotic tone-colour—you don't have to sound like a gipsy to make the songs work.

Nothing else came up to this level. The orchestral version of Wolf's Italian serenade went pretty well, but the piece seems a little forlorn in this guise—it is a shame Wolf never finished the suite of which the Serehade was to have formed the first movement. Schumann's piano concerto offered a welcome chance to hear a *mid-19th* century classic played with a medium-sized orchestra, as it must often have been heard in early days. The performance did not greatly reward the close scrutiny. The soloist, Cristina Ortiz, was not ideally sensitive in ornaments or in the articulation of quick passage work, the orchestra (though beautifully crisp in the finale's cross-rhythms) was sparing with the softer shades.

RONALD CRICHTON

Festival Hall/Radio 3

BBC Symphony

by DAVID MURRAY

To use Schoenberg's *A Survivor From Warsaw* as a prelude to Beethoven's "Choral" Symphony, as the conductor Michael Gielen did on Wednesday, is to imply a moral, or at least to prompt the audience to formulate its own. It could not be a comfortable one: the exultant vision of brotherhood that closes Beethoven's work has a bitterly qualified response in Schoenberg's, where God's praises are sung at the end by Jews on their way to the gas chamber. But the contrast was a little self-conscious and forced, for the later piece is cruel and brief—a sufficiently expansive performance of the "Choral" Symphony would obliterate its effect.

In fact neither work had its full power in this concert. Roland Hermann was a strong, clear narrator in Schoenberg's harsh vignette, and the orchestra was musically well-drilled; but the choral finale ought to be searing, and the sound of the male voices of the BBC Singers did not quite surmount the tumult (Radio Three listeners may have got a better balance). The conception of *Survivor* is theatrical, though savagely sincere, and it needs its climax.

Beethoven's Ninth followed without a break, and went by with unwanted swiftness. Gielen shed light on several interesting details of the musical construction, but was shy of insisting on its breadth. The Introduction opened up no vista; the slow-movement variations made an attractive sequence rather than an accumulation of feeling. The Scherzo, nicely turned, had its dotted rhythm always a little softened. With extremely expert solosists — Margaret Price, Alfreda Hodgson, Kenneth Riegal and Mr. Hermann—the Finale was carried confidently by the singing (the BBC Symphony Chorus admirably bright and assured).

The rewards, all in all, were those of faithfulness and good sense; the provocativeness of the programme had invited something bolder.

The Ring in Florence

by WILLIAM WEAVER

In Florence, the Comunale has moved another step towards the completion of its *Ring* (only *Götterdämerung* remains to be mounted). After a brand-new *Rheingold* and a *Walküre* taken over *La Scala*, now *Siegfried* is being presented, again with Zubin Mehta conducting and with Luca Ronconi as producer and Pier Luigi Pizzi as designer. Actually Ronconi and Pizzi created a *Siegfried* several years ago at La Scala, but this Florence production represents such radical re-thinking that it can be considered new. It suggests that Ronconi, in fact, is revising his whole view of the *Ring*, and so when it is finally complete, the total may not be the sum of the parts seen thus far. In Milan's *Siegfried*, for example, there was no forest and the dragon was a group of 19th century plutocrats. When they were slain the dragon's blood was represented by an unrolling length of red carpet.

Now Ronconi and Pizzi have moved *towards tradition*. There is a lovely forest; the dragon is visible (though, at the end, not very awesome). Erda no longer lives in a lumber room, but rises from the earth ino a kind of small stadium, reministcent of Wieland Wagner. In the Ronconi *Walküre*, Brünnhilde fell asleep at a library table in a room that also contained a large statue of her horse. Table and horse are still there, but a clump of rocks has now been added.

Musically, this *Siegfried* was *pleasant, if seldom thrilling. In* the past few years the Florence orchestra has come a long way but Wagner is simply not within its range as yet. The playing was generally correct, but the complex textures, the sudden shifts of the score lacked the *tension* and drama of a more idiomatic performance. Mehta's intentions were sound, and on occasion he generated excitement or magic—in the forest scene in *particular*—but *more* often this sounded like a good reading, not inflected enough.

Though he tired at the end, Jean Cox made a persuasive, lyric *Siegfried (again, the forest* scene was the climax of his performance). He was not helped by the inadequate Brünnhilde of Dunja Vejzovic, obviously nervous even at the fourth performance. Vejzovic is a good musician (as she demonstrated here some seasons ago in an excellent *Erwartung*), but simply lacks the vocal power for *this* Wagner. *Her high notes* were shrill. Neither she nor Cox was helped by Ronconi's staging of the duet, which cruelly forced the singers to perform on a steep, perilous-looking flight of steps.

For the rest, the cast was first rate. Gerhardt Unger was a captious, sinister Mime; Peter Wimberger, a sober and affecting Wanderer; and Dorothea Wirtz, an astral wood-bird.

There will be time to think some more about this *Ring* in a year or more when it is complete; by then, to judge from the evidence, Ronconi and Pizzi will have done some thinking about it, too.

Book Review

Lawrence of charm

Gertrude Lawrence. Sheridan Morley. Weidenfeld and Nicolson. £8.95. 228 pages

Who else but Sheridan Morley *to write* Gertrude Lawrence's life? He is genuinely entranced by that kind of world, he is our leading expert on Noel Coward, the survivors of the Lawrence era are glad to talk to him and produce documents. His mission is to make the unaccommodated women, in Lear's phrase, as charming as her public image. She worked in a star-conscious age, and her public image was charming indeed. I only saw her once, ni the film of *Rembrandt*, but the voice, usually a litle out of tune, was available from every gramophone; and we had one curious connection when, through a third party, she *unjustly* accused me of having exchanged dirty talk with her daughter.

Mr. Morley's book amounts, as all such books do, to an elaborated catalogue of her engagements and her friendships—a little over-elaborated, wtih a morass of irrelevant references, but that helps to give the "inside" feeling. Miss Lawrence's aficionados will find this account will serve them well.

B. A. YOUNG

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Friday February 27 1981

ICI's signal

THE DECISION by Imperial Chemical Industries to halve its final dividend is a dramatic illustration of the state of British industry. In financial terms the dividend cut is certainly justified; the days when companies automatically maintained their traditional level of distribution almost irrespective of performance are fortunately over. From a national point of view the Government and the public can hardly fail to be impressed by the poor financial results, coupled with gloom about the outlook, being reported by the largest exporter of manufactured products, a company which has invested in new plant and is widely regarded as efficient and well-managed.

ICI has been hit exceptionally hard by the effect of sterling strength on the profitability of exports. It is also heavily committed to commodity products, such as basic petrochemicals and plastics materials, which are suffering from over-capacity and low prices throughout Europe; the other big loss-maker is fibres, reflecting the severe difficulties of the textile industry in the UK and on the Continent. It may be that ICI, in common with other parts of British industry, will have to alter the balance of its business, with more emphasis on "knowledge-intensive" products of higher added value. But this is not a shift that can take place quickly. In the meantime ICI has to cut its costs and survive as best it can.

A strategy for textiles

BRITISH INDUSTRY is making too many products which producers elsewhere in the world with inherently much lower costs will increasingly want to make. In textiles, where one of the big British groups, Carrington Viyella, on Wednesday announced a large loss, the tendency throughout the 1970s has been to assume that stabilisation, if not protection, of the home market would be achieved by government or EEC action, using mechanisms such as the GATT Multi-fibre Arrangement. With hindsight it would have been wiser for UK producers to have recognised the likelihood of such devices being at best imperfect — as indeed the MFA has proved to be — and to plan accordingly.

Expansion

The British textile industry has also been paying the price for the ill-conceived agglomerations of the 1960s when the big groups then being created saw merit in expanding vertically and horizontally across as many fields of textile activity as possible. Courtaulds, which since the mid-1970s has shed labour on a large scale, was at one time operating on an unmanageable 500 sites and involved in textiles from cotton seed in the U.S. through to wholesaling. Many of the operations which were swallowed up would arguably have stood a better chance of surviving independently and indeed some are now being spun off to be run by their managers.

Its much simpler structure is probably one of the reasons for the competitiveness of the U.S. textile industry, together with its advantages of scale and access to low-cost energy. Its strength as an industry lies in a wealth of medium-sized companies which operate in perhaps one or at most two product areas, and can concentrate their technical and marketing effort on these.

The very deep cuts which Courtaulds, Carrington Viyella, and Tootal have been making, and the many closures in smaller groups, suggest that the lesson that the British textile industry must specialise has been learnt. In many commodity yarns and fabrics the volume of even two or three years back will never be recovered and except in specialist areas Britain can never hope to compete against the host of developing countries wanting to supply these and similar commodity items.

Specialisation is inevitably likely to result in a continuing reduction over the years in the textile and clothing industry's still very large labour force. But it does offer the best prospect of a controlled contraction. It represents the only route, too, along which Britain's textile industry is likely to improve on its disappointing performance in other European markets since entry into the EEC. Britain's competitors in Europe have developed specialist fabric types which in recent years have been finding their way increasingly into the British market. Branded clothing lines from the Continent have captured a big share of the up-market men's and women's clothing sector. Yet Britain starts with many of the best-known European textile and clothing brand names.

Unfair

For its part, the industry can justly ask that where it has been willing to invest and move up-market — and it has already done so in many areas — it should get support against patently unfair competition. Carrington Viyella is one of six British groups which have spent a total of £70m developing modern branded bed linen operations over recent years only to find some 40 per cent of the UK market snatched by U.S. producers. Yet the low U.S. energy prices which make this possible are coupled with tariff barriers which give the U.S. market far more protection than is afforded to EEC producers, and a much more restrictive approach by the U.S. authorities to low-cost imports.

The problems caused by the U.S. energy advantage have recently been the subject of talks between the EEC and the American authorities. Action needs to be taken by the Council of Ministers when it discusses the issue next month.

Canada's future

BEFORE THE American War of Independence a view was heard in England that MPs from Cornwall, being closest to the 13 colonies, could look after American interests at Westminster. George Washington ended that, though it did take a war.

Now Westminster is in a similar situation. Through historic accident the British Parliament retains the ultimate power to amend the British North America Act (BNA) which established Canadian Federal Government in 1867. When Canada became an independent Dominion in 1931, a clause in the Statute of Westminster gave Westminster the right to amend the BNA upon Canadian request.

The Federal Government and the governments of the Canadian provinces have been unable to find a formula for making future amendments to the BNA. Given Canada's federal structure, the provinces clearly have a right to take part in the amending process, but no formula has ever been finally agreed.

Last year Mr. Trudeau decided to grasp the nettle. He asked the Parliament in Ottawa to make the necesary request for Westminster to cede control over the BNA to Canada. He linked that with the proposal that Westminster should enact a Bill of Rights for Canada, and an amending formula if a last attempt to reach a Canadian consensus were to fail. These additions have been hotly quarrelled over in Canada and, while falling short of Washington's war, have caused much bad temper between London and Ottawa.

Three of the 10 provinces are going to law, and their case is likely to reach the Canadian Supreme Court within weeks. No decision is likely there before Mr. Trudeau's proposals have gone through his Parliament and are passed to London for endorsement. Mr. Trudeau maintains that Westminster is bound to endorse such a request.

But at Westminster the House of Commons select committee on foreign affairs has reported that the British Parliament must establish whether the request, once it comes, "conveys the clearly expressed wishes of Canada as a federal structured whole." That is clearly not the case. And it is equally clear that there are legal grey areas which call for political resolution.

Indignity

The last thing Britain wants is a row with Canada. But who speaks for Canada? The Federal Parliament? The provincial governments? Or the people who—judging by opinion polls—support Mr. Trudeau's aims but not his unilateral methods? It would help greatly if Westminster had a clear ruling from the Supreme Court.

Failing that Britain should use its powers, not to impose a solution, but to force Canadians themselves to end decades of fruitless argument. The drastic way of doing so would be for Westminster to tell Canada that, from a date to be fixed, it was repealing its own powers to change the BNA. Constitutionally that may look messy. But it would free Westminster from the indignity of being either a rubber stamp or playing the ungrateful role of referee without real powers.

BRITAIN'S EXPORTERS

Battered, but unbowed

By Ian Rodger

IMPERIAL Chemical Industries, Britain's second largest exporter, yesterday released figures which underline how painful exporting from the UK has become.

On the one hand, the company managed to increase its exports in 1980 by 5 per cent in value in the face of a savagely appreciating currency and a deepening world recession.

But ICI's decision to cut its dividend—after unprecedented post-war losses in the third and fourth quarters—shows the cost at which its export levels have been maintained.

And the dominant impression that emerges from interviews by Financial Times reporters in the past few days with leaders of some 40 of Britain's top 100 exporters is that they are sharing ICI's unhappy experience to the full.

Export volumes held up surprisingly well last year and Britain's tenacious exporters may not lose as much ground as some forecasters expect this year, either. But profits have been badly battered across the board and some important sectors, especially steel and motors, have suffered substantial declines in sales.

Exporting is no longer fun. It is very hard work
—DE LA RUE

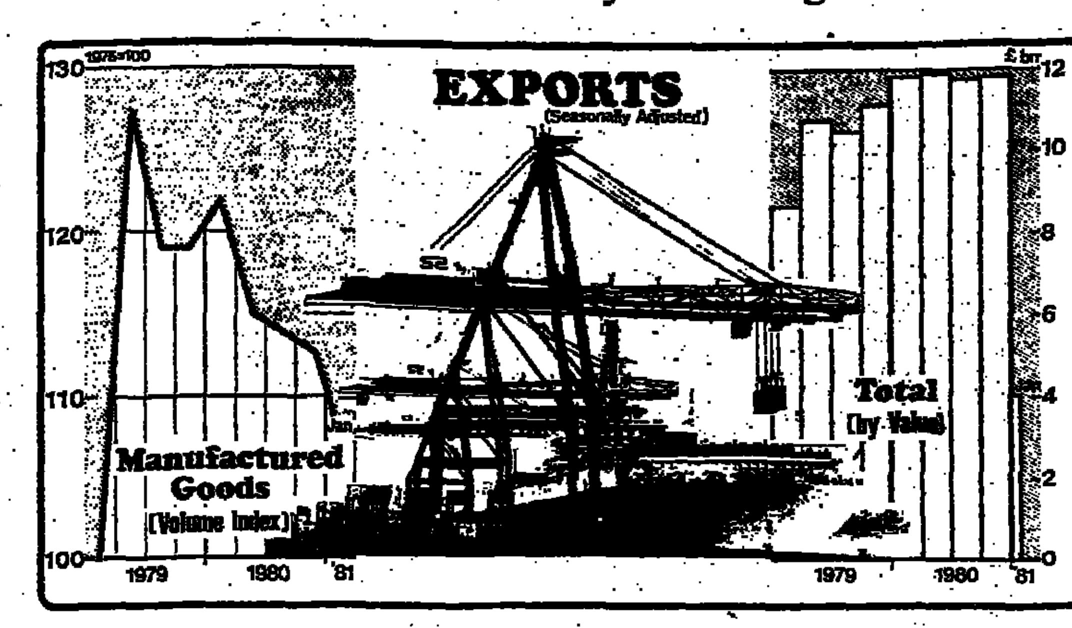
The picture that emerges from the interviews is as follows:

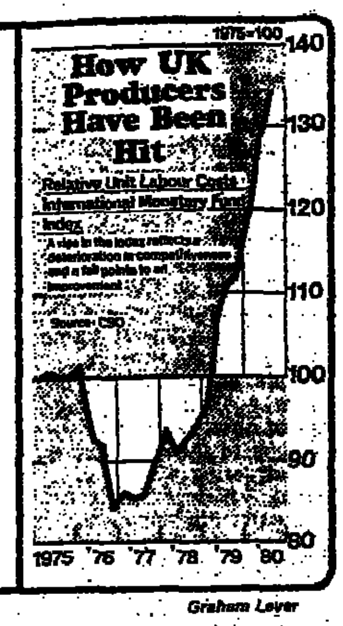
- Export volumes have been declining for about half the companies. Most foresee no improvement in the current year.
- The strength of sterling is still cited as the main obstacle to selling profitably overseas but exporters now accept that not all the deterioration in competitiveness is likely to be reversed. And in fact, large wage increases in the UK relative to those in other countries have been a more important factor than sterling in Britain's recent loss of competitiveness.
- Increased exports are seen by many as a vital way of replacing at least some lost UK sales in the current recession, and so companies are fighting even harder than usual for export volumes.
- Hoped-for improvements in cost-of-production and efficiency-of-operation have been slow to materialise. Reduced production has meant higher unit costs, while the liquidity squeeze forced companies to cut stocks to the bone. This has not helped delivery times.

Despite the difficulties, there are still a few companies and industries that continue to grow impressively.

GEC, for example, reports a 30 per cent rise in the volume of its export shipments in the first nine months of its current year to March 31, 1981. Orders in the same period exceeded the £907m total for the whole of the previous year.

The company has just landed a £30m turbine contract with Calgary Power, against stiff competition from Hitachi of Japan, and its order book for turbine generator sets now stands at £800m, of which 80 per cent is for export.





Graham Lever

Cummins Engine is enjoying steady volume increases for most of its diesel engines. The larger models are on allocation and the group's Daventry plant is working flat out and is about to be expanded.

The aerospace industry as a whole is going through a very strong period, with exports up last year by 40 per cent to £1.775bn and another good year in prospect.

British Aerospace has not yet reported 1980 figures but exports are expected to be substantially ahead of the £576m achieved in 1979. And about 60 per cent of the group's £3.5bn order book is believed to be for export.

BAe has just announced a £140m order from the U.S. Air Force for its Rapier ground-to-air missile system.

And, despite its recent failure to win two large contracts for RB-211 aero engines from Delta Airlines and Saudia, Rolls-Royce exports were up a third last year and the order book is only slightly down from £1.9bn a year ago.

But for most of British industry, the picture is much less cheerful.

"Exporting is no longer fun," Mr. Brian Malpace, finance director of De La Rue, the security printing group, said. "It is very hard work, but it is absolutely vital."

De La Rue exports nearly two-thirds of its total £160m turnover. Mr. Malpace said that volumes were deliberately being maintained despite the squeeze on margins, particularly in the important West German market.

On a four-day week you must take marginal business
—TUBE INVESTMENTS

"Our strategy is to try to ensure market coverage so that we are in a good position when the recession bottoms out," he said.

Leading pharmaceutical companies seem to have adopted the same approach. The value of pharmaceutical exports rose nearly 17 per cent last year to £745.4m. Glaxo, for example, reports that margins are squeezed and in many markets local regulations prevent price increases to compensate for the rise in the value of sterling.

Among companies that are pushing harder than ever on exports because of the weakness of the UK economy is Tube Investments. "When you are down to a four-day week, you tend to take marginal business, and a lot of that tends to be export," Mr. J. D. Johnson, export director, said.

The company's 1979 exports amounted to £240m out of total turnover of £1.21bn. Export volume declined slightly in 1980, but there was no deterioration towards the end of the year.

Profit margins, meanwhile have been badly eroded. "I'm not despondent. Of course, it would be easier if we had a cheaper pound but I say that the exchange rate is not going to get better," said Mr. Johnson.

This means some markets have had to be abandoned. "We were selling bicycles to the U.S. when the pound was at $1.70 but we have been priced out." Though the company's commodity tube and other steel exports have been hit "the more value added there is, the better chance we have."

Stone-Platt, the troubled textile machinery and engineering company which has sold off its pumps and marine businesses in the last few months to ease the liquidity squeeze, finds that its remaning businesses are almost entirely export-oriented.

"I'm not confident that things will get better," Mr. L. R. Pincott, chairman, said. "But we have no choice but to hang on. As a result, we are beating the bushes harder and becoming better marketers."

To be successful Stone-Platt now had to start with a competitive quotation and then work it back to the cost of production, rather than the other way around. "Even if the pound were better, who knows if the Japanese and other competitors would not lower their prices?"

Massey-Ferguson Holdings, the UK unit of the troubled agricultural machinery group, finds that market conditions vary widely. "We have to adjust our prices market by market and even model by model," Mr. Derek Robertson, vice-president world export, said.

Massey's UK exports last year were up 22 per cent in value to £428m, more than three-quarters of total sales but volume in the past few months has gained only slightly and orders have dropped a little.

The UK and Irish markets are dramatically down; shipments to Europe, North America, and Australia are flat; sales in Africa and Asia are up slightly.

Although many Third World countries are short of money, the company still believes its growth will come mainly from these countries and is not abandoning any of them.

Some companies, such as IMI and Pilkington, are looking carefully at the possibility of pulling out of some markets but have yet to announce any decisions.

We have no choice: we are beating the bushes harder
—STONE-PLATT

A few have already acted. Blue Circle Industries is halving its exports of cement mainly because high energy costs have made British cement uncompetitive in most markets.

Thorn-EMI has stopped shipping UK-manufactured consumer durables to its European sales companies and is supplying them instead with local manufacturers' products.

"There are some articles we have been selling at a loss for over a year," Mr. Harold Mourgue, finance director, said, citing the difficulty of exporting lighting products to Germany in particular.

Another company that has been hard-hit in Germany is the record-changer manufacturer, BSR. It had been building up sales there, but finds it cannot cope with a 30 per cent fall in the value of the mark against sterling in the past 18 months.

"It takes a very good company to make itself 30 per cent more efficient in that time," Mr. G. R. Wooldridge, deputy managing director, said.

Some of the bleakest reports come from the nationalised heavy industries. The problems of British Steel, British Shipbuilders and BL are well-known, and the effects on the private sector have sometimes been severe.

British Steel has traditionally exported about 20 per cent of its output and had export income of £650m in 1979-80 out of total turnover of £3.1bn.

The company declined to be specific about the current year but pointed out that the combined effects of protectionist measures in the U.S. market, the steel strike in the first quarter and the subsequent collapse of European markets have been substantial.

Like all the world's shipbuilders, British Shipbuilders is operating at a loss and depends on Government subsidies to obtain any orders at all.

In merchant shipbuilding, the order book is at its lowest level since nationalisation in 1977, having fallen from 1.2m compensated gross tons at the end of 1977 to 400,000 cgt at the end of 1980.

Orders for foreign registration amount to about 20 per cent of the total. The naval side of the business is almost entirely domestic, although the Vosper Thornycroft yard in Southampton recently announced £75m in orders from Oman, New Zealand, and the Bahamas.

UK motor industry exports were only moderately worse than the average for industry last year, being up about 5 per cent by value to £4.2bn. The volume of car exports was down 6 per cent in the first 11 months and the volume of commercial vehicle exports fell 3 per cent.

BL's direct exports rose only 3 per cent in value in the first half of 1980, from £435m to £450m. Sir Michael Edwardes, the chairman, has said that the company lost £1,000 a vehicle in many markets in the first half of last year. BL suffers not only from the strength of sterling abroad but also from having to buy most of its components in sterling in the UK.

Guest, Keen and Nettlefolds says its direct exports fell 20 per cent by volume in the fourth quarter. Much of the company's output is sold to the motor industry for subsequent export and that, too, has suffered. However, GKN is hanging on and does not intend to abandon hard-won market shares.

The textile industry has been showing some signs of recovery recently but mostly in its domestic market. Courtaulds reported a 15 per cent drop in export volumes at the interim stage and Carrington Viyella, which published its 1980 accounts yesterday, said export shipments were down 20 per cent in volume in the past three months.

Exports of whisky have also been hurt by the strength of sterling. "As whisky becomes more expensive, people turn to rum or wine and this makes our life more difficult," Mr. Robin Cater, chairman of Distillers, said.

He estimates that shipments have fallen 10 per cent in the past three months as distributors in the U.S. and Japan, the group's largest export markets, have been reducing stocks.

Distillers exports amounted to £386.7m, about 85 per cent of sales, in the year ended on March 31, 1980. Current year group profit is expected to fall about 15 per cent.

No clear pattern emerges from the interviews about sales prospects in different areas of the world. Although several people mentioned difficulties in Germany, UK exports to that country rose by more than a fifth last year. This was mainly due to larger oil exports but telecommunications and power generating equipment also scored significant gains.

The Middle East has been a disappointing area for many because of the upheaval in Iran. But a big push is being mounted to sell in Saudi Arabia, which has embarked on a £100bn development plan to 1985.

Africa has been fruitful, thanks mainly to a strong economy in South Africa and the easing of import restrictions in Nigeria, and exporters are looking for continued buoyancy in this area. Some companies have also done well in the Far East and South-East Asia but at least one company, IMI, the metal products group, is contemplating withdrawing from both the Far East and Latin America.

In 18 months, can efficiency go up by 30 per cent?
—BSR

But Britain's most important export markets remain the U.S. and Europe and these areas have been sinking into recession for several months.

With the slight easing of sterling in the past two weeks, some exporters are hoping for an improvement in prospects in the near future.

But the simultaneous indications of deepening recession in Britain's major markets are more discouraging. It seems likely that UK exporters will be facing more and more competition throughout the world in the next few months as big companies in the U.S., France, Germany and other countries follow their example and try harder to replace lost home sales with exports.

Additional research by Rosemary Burr, Alan Friedman and Jeremy Stone.

MEN AND MATTERS

Call to arms in Hans Crescent

Not quite what one would expect from Harrods, frankly—but then these are interesting and changing times for the Old Lady of the Brompton Road. There we were yesterday morning, rubbing the sleep out of our eyes, obstructing honest shoppers on their way to pump up House of Fraser profits, and watching the normally retiring directors of this venerable concern dancing up and down the pavement in a sort of impromptu Knightsbridge picket line. Passers-by understandably stopped to stare and snap, under the impression no doubt that these expensively-suited gentlemen were just the sort of overpaid trades unionists whose restrictive combinations were bringing respected businesses like Harrods to their knees.

It was, of course, not a shop-floor-inspired demo, but the brainchild of newly-arrived Fraser chairman Professor Roland Smith. The placards on display, and now in the shop's windows, carry his appeal to shareholders not to sell out to the Lonrho bid.

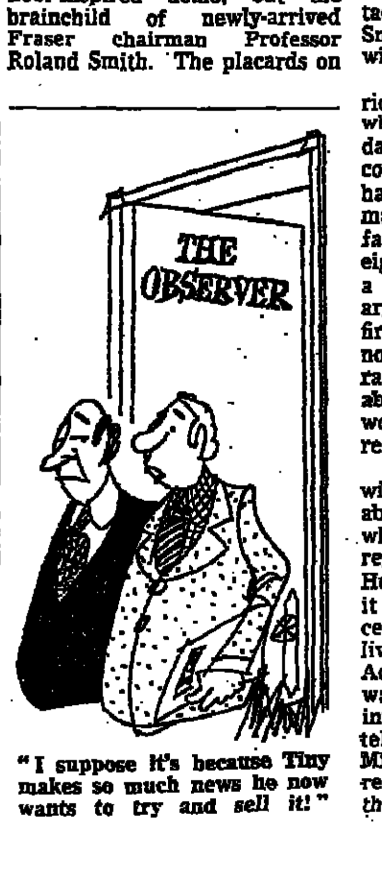
After the pantomime, we all put on our serious hats and went off to read the Fraser defence document—only to discover that Smith's go-go approach to corporate image-building would seem to have infected even the lofty S. G. Warburg, Fraser's advising bank.

"Your SUPERVALUE shares: Hold on—they're worth much more," sings the black-and-plum front page of the Gresham Street camp's manifesto. The document reads in parts like a washing-powder advertisement manqué—unlock the hidden supervalue, and watch the assets come bursting out like the White Tornado!

Well, I suppose it needs to be entertaining stuff to compete with the Lonrho product. Tiny's letter of Wednesday must have been one of the few times that sarcasm has been used as a bid tactic. So what rival ploys can Smith and Warburg come up with now?

I venture to suggest that the rich Northern comic talent which Smith turned on yesterday in elucidating his argument could be put to good use. Perhaps, as did Debenhams chairmain Sir Anthony Burney when faced with a bid from UDS eight years ago, he could cut a disc which would carry his arguments to the shareholders' fireside. To be sure, Burney did not make the top ten and his rapture for Debenhams has abated somewhat since—but it worked at the time, and UDS retreated.

If that doesn't go down well with the Fraser followers, how about that personal service for which the stores are so highly regarded? When Comet bid for Henry Wigfall two years ago, it was discovered that 90 per cent of the target shareholders lived in the Sheffield area. Accordingly, an advertisement was placed in a local paper inviting troubled investors to telephone Comet chairman Michael Hollingberry in person, reversing the charges, to discuss the matter. As it happened, only one did—a stockbroker to congratulate Hollingberry on his initiative. How about it, Fraser? Through, say, the Glasgow Herald?



"I suppose it's because Tiny makes so much news he now wants to try and sell it!"

Figuring it out

That radical monetarist Professor Patrick Minford woke up a City seminar on the gilt-edged market yesterday by confessing that, in the interests of research on volatility, he had been "administering selected shocks to my Liverpool model."

House of phrases

I have just received an example of excited overstatement from that home of right-wing intellectualism Georgetown University, in Washington. The American academic institution writes that "in reality" it is "tightening its belt, going underground, clearing the air, reaching for the sky, and taking a leap into the future, all in the context of a new energy plan." It would be interesting to see the heights to which they could soar when speaking metaphorically.

Hose down

President Reagan's eagerness to infuse a bit more style into the White House was again evident in the pomp and ceremony of his welcome yesterday for Margaret Thatcher.

The White House corps of trumpeting heralds — much beloved by Richard Nixon but mothballed for most of the 70s—was back and blowing.

Guests were issued with an elegantly-printed programme which also advised them how to behave. It is customary, it said, for Americans to place their right hands over their hearts when the Stars and Stripes or any other National Anthem is played. For gentlemen wearing hats, it added, the procedure is to remove the hat and hold it against the left shoulder while the hand still straddles the heart.

Everyone looked pretty smart. Some wore morning clothes—Alexander Haig was especially natty in grey—others wore their better dark suits.

Mrs. Thatcher was darkly-attired ("In mourning for the British economy," whispered an irreverent wag) and husband Denis, sober-suited. All very fitting for such a conservative gathering . . . until Denis mounted the White House stairs and dazzled the onlookers with a glimpse of brilliant blue socks.

Commons welfare

Carnivorous MPs can now tackle their Commons veal escalope with a clear conscience, says Janet Fookes, Tory MP for Plymouth Drake and RSPCA chairman.

The Commons Refreshment Department, at her suggestion, has begun to order supplies of the so-called "welfare veal" produced on the Quantock farms in Devon where the calves are reared in more humane conditions than those normally found in factory farms.

"It is a cause for which we all had great sympathy," says catering general manager John Smillie, "and we were very pleased to make the change."

Members of the Commons Select Committee on Agriculture, who are currently investigating animal welfare, have visited the Quantock farms where I'm told the calves live happy, if short, lives with room to "play and ruminate, and drink iron-laced milk at will."

Late arrival

The Inland Revenue Staff journal records this extract from an employer's letter to his local tax office: "This is to inform you that the dependent relative of Mr. ——— died on June 4, 1980. We will inform you of his new address in due course."

Observer

POLITICS TODAY

A thoroughly disorganised Government

THE Conservative Party is going through one of its periodic bouts of self-doubt. Pick up any newspaper and you are likely to find this or that Tory MP agonising about the nature of Conservatism, and probably calling for an industrial strategy into the bargain. The cutting of the ICI dividend, announced yesterday, will hardly help the mood.

What is it that has gone wrong? There are, I think, two related problems. One is to do with authority and the other with policy.

There has been a problem of authority within the Party ever since the early and successful *period of Harold Macmillan's* Premiership. As the recently published Diary* by Sir Harold Evans, Mr. *Macmillan's Press* secretary, has reminded us, the later Macmillan period was *obsessed by rumours about the* succession. It seems that the Prime Minister was ready at *times to go earlier, but there* was no clear agreement on who should succeed him.

There was, however, a feeling that the Tories had a great array of talent: Boyle, Heath, *Macleod, Maudling,* and *Powell.* It was only a question of which one of them would eventually outstrip the others and make it to the top.

Yet when Macmillan went in a hurry because of his sudden illness, the succession was botched. I do not think that the party has ever fully recovered from the way that Sir Alec Douglas-Home emerged as leader. The Conservatives have never since had that sense of internal cohesion, of effortless superiority, and of being the natural party of government that seemed to go with the early Macmillan period.

Look what happened, too, to the array of talent. True, Mr. Heath made *it in the end,* but is now regarded as a discredited former Prime Minister, especially in his own party. Lord Boyle has long since been out of politics. Maudling and Macleod are dead. Mr. Powell lives on in some curious political wilderness of his own.

The party has also lost its sense of identity. It is no longer very clear what it stands for. It has shed the grouse moor image. It would be longer claim to be the natural governing party because of superior background. Social change has affected the Conservatives, like everyone else; we are all less deferential now, though one of the results is the decline in authority and leadership that many people seem to regret.

The rising talent of the Macmillan years: Mr. McLeod, Lord Boyle, Mr. Powell, Mr. Maudling and Mr. Heath.

Again, there is the confusion about policy. The Tories went into the 1970 election under Mr. Heath on the Selsdon programme of promoting competition and eliminating lame ducks. Sir Keith Joseph, now the Industry Secretary, told me once that the only thing wrong with the programme was the failure to include the control of the money supply. In those days, monetarism was a relatively arcane doctrine.

More recently, Sir Keith has admitted that the Heath Government also went wrong because it failed to foresee the rise in unemployment. It was that that brought about the celebrated U-turn.

Anyway, the party went into the 1979 election, having changed its leader, on a programme of Selsdon plus monetarism. It has run into difficulties now on two related matters. Once again it failed to foresee the extent of the rise in unemployment, though this *time it is reluctant to make the* U-turn, or at least to admit to doing it. And even the doctrine *of Selsdon plus* monetarism turns out to have something missing; it fails to tell you *what* to do about *a high* exchange rate or—in so far as it does tell you—it says leave it to market forces.

This is not a dilemma to be ashamed of. There is hardly any practical experience to draw on. Assuming that oil has at least something to do with the strength of *sterling,* I cannot think of any other country in a comparable position either now or in the past—unless one takes the example of Spain and gold at the end of the sixteenth century.

We were in industrial decline with a perennial balance of payments problem, then we discovered a major resource in the North Sea. It removed the balance of payments problem, but creates few jobs and—at least in the short term — accelerates the industrial decline because of the effect on the exchange rate.

Mrs. Thatcher likes to look to her continental chums in *Austria, Switzerland and Germany* for lessons, but I doubt if they are strictly relevant. *None of them have been blessed,* or cursed, by North Sea oil, and in any case the Austrian *and Swiss economies are much* smaller and much less dependent on old industries.

The only sure way of giving the exchange rate a sharp knock downwards would be to abandon the counter-inflation policies that have been partly responsible for putting it up. That is not a course to be lightly adopted, though it seems to be what many in the party are calling for with their demands for a new industrial policy and a reversion to something called Tory pragmatism.

Yet the Government would be more capable of facing the dilemma if it were better organised. One of the results of the loss of continuity and self-confidence in the Tory Party is that the Government is now excessively divided into factions.

The divisions are not clear-cut. Indeed, *paradoxically,* members of the Cabinet might find that they have more in *common than is generally* supposed, if they were to spend more time talking to each other. Instead, *they* talk in groups and there are suspicions—often unjustified—that the Government is being run by *cabals.* What happens in practice is that nearly everything is decided *ad hoc.*

It is impossible not to place some of the blame for this disorganised state of affairs at the top. Mrs. Thatcher has many admirable qualities. She is much more the moralist than the ideologue that is generally portrayed. She has a zest, an enthusiasm, a radicalism, a willingness to ask questions and a desire to get things done that are lacking in the rest of the Cabinet. Not least, she has popular appeal.

Yet she also has quite extraordinary impatience. It is *almost as if she cannot* be bothered to deal with a Cabinet that wants to take things *slowly.*

The decision more or less to accept the Shadow Cabinet she *inherited from Mr. Heath* must have been a deliberate one. She could have produced a Cabinet of her own making at almost any time, yet she has chosen not to do so. She could invite the Cabinet to Chequers any week-end for a review of where the Government is going, but again she does not do it.

There was a moment early in the new year when it looked as if there might have been a change. It was when Mr. Francis Pym was made Leader of the House and given special responsibility for co-ordinating Government policies. I doubt if Mr. Pym has had more than one *tête-à-tête* with the Prime Minister about his new role since he agreed to accept the job: possibly there will be a meeting before Easter. At present, he is looking round for staff who will have access to Ministers and can act as his advisers. Besides, it is very difficult to present Government policies as co-ordinated if they *are not co-ordinated* in the first place.

There is something else. Mrs. Thatcher may have a clear and penetrating mind, but she does not synthesise. Rather like former *President Carter in the* U.S., she does not relate one decision to another. Last week it was the surrender to the miners and the National Coal Board on all fronts. This week *there was the rather bold* decision to take the first steps to allow the denationalisation of the steel industry. There was no attempt to explain the two decisions together.

Somebody might have said, for example: "Yes, we did retreat before the miners, but we are advancing where we can. After the latest aid to British Leyland, it might now be possible to attract private equity in the next couple of years. Moreover, we are also moving to break up the British Steel Corporation."

Instead, Mr. John Biffen, the Trade Secretary, went on the be-nice-to-the-Tories programme that appears on commercial television just before Sunday lunchtimes to say that the baronial power of the miners was a fact of life. There was no mention of the baronial power of Sir Derek Ezra, the NCB chairman, nor of the thrust of the Tory Manifesto which was to break up monopolies and concentrations so that the threat of industrial blackmail by the unions and by the nationalised industry chairmen would not occur.

When Sir Keith Joseph announced the steel measures to the House of Commons on Tuesday, there was no attempt to say that the Government was at last beginning to put its policies into practice. Indeed it took some considerable time before it dawned on the House what was happening.

The general result is confusion all round: hence the *lectures by Mr. Norman St. John-*Stevas and Sir Ian Gilmour about the other strands of Conservatism. (It has been noted that Sir Ian has been ominously quiet recently, perhaps preparing another Cambridge address.) Hence also the demands within the party for a new industrial policy or strategy.

As for the latter, we may adapt what Iain Macleod used to say about incomes policies. All governments have an incomes policy in the sense that they must have an approach to incomes if only because they are major employers in their own right. *They should* not become hung up on the term merely because of its previous connotations.

It is the same with industrial policy—the word "strategy" is somewhat pretentious. This Government did have an industrial policy in its election Manifesto, however *slowly it* is pursuing it. It is to disengage the state wherever possible. It is still a policy worth *defending.* The residual admiration for Mrs. Thatcher and the Conservative Party's *standing in the* opinion polls suggest that there is still some support for it. Perhaps there *would be even more* if the Government began to develop the German concept of the *social market economy*—that is, the free market economy with a safety net.

Such support will be difficult to maintain, however, if the Government continues to quarrel with itself and to behave in its present disorganised fashion. There is something to be said for the idea of "divide and rule." But you can also divide without ruling.

* *Downing Street Diary: the Macmillan Years 1957-63. Hodder and Stoughton, £9.95.*

Malcolm Rutherford

Letters to the Editor

Too big and unwieldy

From Dr. W. Tan

Sir,—Mr. Boam (February 24) is quite wrong—greater centralised control of energy production will lead to greater disaster.

Let me quote from Ding Chen, vice-president and secretary general of the Shanghai Federation of Industry and Commerce, and by implication a long-term observer if not practitioner of centralised control. Writing in the September 1980 issue of Scientific American he said:

"Managing the economy by the apparatus of government, making the enterprises its mere appendages, blocked horizontal relations between enterprise and enterprise, between trade and trade and even between region and region. Administrative orders deprived enterprises of the right to make their own adjustments to changing conditions. The suppression of cues from the market led to dislocation of supply, production and distribution. Since enterprises were not responsible for profit and loss and did no independent accounting, good performance and poor performance were rewarded equally. The result was low labour productivity and waste of other precious resources."

For a pertinent example one need look no further than the closure of Bowater's newsprint plant reportedly resulting in a market loss of 500,000 tons/year of coal. Wages form a large component of coal costs. If miners and management at grass roots were aware that their wage rises over the years would result in a severe loss of market and mining jobs would they not be more likely to seek other routes to greater remuneration, such as increasing productivity when the need is more pressing, i.e. in the years of high demand? One major problem of a large and unwieldy corporation such as the National Coal Board is that its dynamics of change are out of phase with external events: in plain language the response is too slow. Thus, the NCB underproduces when demand is high and overproduces when demand is low. Extra costs are incurred in either case.

Far from integrating a large corporation with another, as advocated by Mr. Boam, the solution to the NCB problems lies in dismantling it into several independent corporations coupled with a degree of privatisation. Here indeed is an opportunity for the Government to trade subsidies for structural change.

Contrary to popular (and some politicians') belief my findings indicate that there is no shortage of energy, only a shortage of cheap energy. Retaining high-cost mines is therefore not a solution to the "energy crisis," now or within the next 20 years.

(Dr.) W. P. S. Tan.
Old Smithy Lane,
Lymm, Cheshire.

The price of a therm

From the Chief Executive Eastwood Heating Developments

Sir,—Your correspondents recently have presented a number of interesting facets of the energy problem ranging from comments on the Select Committee report, to coal policy, heat pumps and cheap gas.

In much of the comment there still seems to be confusion between energy price and energy value. Based on domestic oil price of 16.08p per litre, gas should be costing the domestic consumer 49p per therm instead of today's price of 21p per therm: to the righteous satisfaction of your correspondent Mr. Eyre (February 23) and the 1m oil-using households, who are forced to use oil because they are not near a gas supply: they feel they are subsidising the 7m gas-fired households.

Whatever politicians may feel about a seven-to-one voting strength, maintenance of price inequality, not based on market forces, is no way to achieve a long-term energy policy. But perhaps electoral hands weigh more than Adam Smith's invisible ones!

The Government must publicly recognise the benefit to the country of sensible use of free, atmospheric energy in place of the draining of diminishing fossil fuel. There is no better way in which this can be achieved than in the free play of market forces. There are already plenty of exemplars in Europe. Individuals and Governments have enabled a major heat pump industry to start up on the Continent. A "treat planet earth sensibly" argument also happens to bring great economic benefit and savings.

Evidence of this is, for example, the oil-fired central heating owner who is spending £625 per annum at current oil prices. Investment in a heat pump would produce a net present value advantage of £136 compared to investing the same sum in Exchequer 11 per cent 1991.

This presumes that the householder pays a basic tax rate, has no investment surcharge and that the increase in oil and electricity price is a uniform 10 per cent per annum. It assumes that there is no residual value in the heat pump after 10 years and discounts the savings at 10 per cent. Any higher tax rate, higher energy price increase (absolute or oil relative to electricity), or longer life of the machine would improve the return.

Until the true economics of the situation are evident to all, one must rely on the common *sense of the individual* to put priority investment into the likelihood of higher energy prices rather than making "safe" government stock a first target for his savings.

Bill Eastwood.
Portland Road, Shirebrook, Mansfield, Notts.

Energy savings

From Mr. B. Holden

Sir,—Mr. A. Kidd (February 23) misleads your readers with his opinions of electrically powered domestic heat pumps.

Heat pump technology is 100 years old. It is true that the compressors used are of the reciprocating type, which does obviously require an annual service, as does a motor car or an oil fired boiler. This type of compresser, however, has been used for many years in all forms of refrigeration equipment such as air conditioning, dehumidifiers and even the dependable domestic refrigerator and freezer. Further West Germans have been installing heat pumps using these compressors since the oil crisis and in fact expect to instal over 40,000 units in this year.

With regard to co-efficient of performance this will not drop off in time provided that the unit is installed correctly and serviced regularly. Experience both in Germany and this country has shown that while the capital cost is relatively high this is far outweighed by the running cost savings (up to 40 per cent when compared with oil) which are tax free and inflation proof. Referring back to Mr. Eastwood's comments (February 17) in connection *with coal fired power stations,* these are presently averaging a co-efficient of fuel utilisation of 30 per cent. When achieving a heat pump COP of 2.5 the CFU for power station burned coal becomes 75 per cent. Surely this is the most important aspect in the interests of the nation as a whole.

It is long overdue that the Government should recognise this by providing the additional financial incentives for energy saving schemes.

B. R. Holden.
17, Downs View Road, Hassocks, W. Sussex.

Windfall profits

From Mr. J. Aitken

Sir,—Mr. Parkinson (February 21) claims a tax on bank profits can be *justified* because a major proportion of these profits are "effectively unearned." *This reference to* profits generated on current accounts during periods of high interest rates is *wholly* unjustified. Apart from ignoring the certainty of eventually lower interest rates and reduced profitability of the money transmission business, to claim that these profits are unearned takes no account of the exceptional degree of cross subsidisation present in the banking system.

Above average profit margins on some current accounts only compensate for the low margins or losses involved in running deposit accounts, high turnover-low balance current accounts, and generally managing the national cash distribution service. While the banks may be liable to criticism on the grounds that their pricing policies are inaccurate, to claim that their overall return is *either excessive or unearned* is to take a very partial view of the system.

If, however, a *windfall tax* is to be "justified" by the argument that profits arising from higher interest rates accrue without work or effort, it is to be hoped the Government recognises that the banks *provide a* service at or below cost when rates fall to 8 per cent or less. Subnormal profits or losses may then be made, and the banks will look forward to receiving a subvention from Treasury funds.

John Aitken.
Argyll Mansions, Kings Road, SW3

Clearly stated accounts

From Mr. E. Grace

Sir,—While attention is being focused on bank profits it is important that they should be seen to provide a proper basis for taxation and be understandable to the general public. Stated simply, bank profits should be the excess of money in the bank at the end of the financial year after allowing for inflation and replacing fixed assets.

More precisely, profit is the amount by which a bank is *better off at the end of the year* than it was at the beginning, insofar as the increase has been *realised* (e.g., unrealised increases in premises should be excluded).

The main adjustment to be applied to historic profits to correct for inflation is simple to calculate from the balance-sheet: net money at start of year x annual rate of inflation; net money = loans to customers and investments less deposits. The practice of using average monetary assets instead of the figure at the start of the year is illogical and consequently confusing. It also understates both profits and losses.

It is important to publicise the corrected figure and use it in discussion because only the corrected figure gives the measure of the realised increase in the wealth of the bank. It is the proper indicator of ability to pay tax and dividends.

Some concern has been expressed about the effect on confidence overseas of disclosing inflation-corrected profits, but the calculation is so simple that no secrets are revealed to other bankers. They can make the calculation themselves or have it made for them. What is more important is that the concerned citizen should know and understand the truth of the matter.

Edmond Grace.
(Bank of Ireland Fellow in Accounting Policy.)
Manchester Business School, Booth Street West, Manchester.

Local authority spending

From Cllr. C. Manns.

Sir,—Local authorities have recently come under much *criticism for* their financial vacillation. No doubt some of this has been justifiable but I *sincerely* hope that my colleague Mr. Graftey-Smith (February 13) and Lombard by Robin *Pauley* (February 18) have gone some way to helping people realise just how difficult our *work* has been of late.

In its mad scramble to find a workable system the Department *of the Environment* has made enough "U" turns to satisfy the Government's most *outspoken* critic. Despite this, as my colleague pointed out, Wiltshire County Council is proposing a net rate increase. Many of your readers will I suspect be rather envious.

Mr. Pauley describes volume targets as "funny money" and what an apt expression that is. What yardstick is used by the DoE for choosing a year to target on? Why not a year from the "we never had it so good" 1950s? What a dent that would make in public spending! This fanciful idea that we can base tomorrow's needs on yesterday's standards and price levels is arrant nonsense.

Mr. Graftey-Smith *suggests* a "U" turn moratorium until the end of May. I would go further. The "*block grant*" and "*grant* related expenditure" standards have been foisted upon us against *our* better *judgment.* May we please now have two years to see if it works.

(Cllr.) C. K. Manns.
North Wiltshire District Council,
Members' Room,
Council Offices,
Monkton Park,
Chippenham, Wilts.

Today's Events

GENERAL

UK: Mr. John Stanley, Housing Minister, opens sheltered housing scheme near Preston.

The Queen opens new Royal Surrey County Hospital, Guildford.

Lincolnshire County Council workers on one-day strike over budget cuts.

Mr. Norman Lamont, Energy Parliamentary Secretary, speaks at world transport of energy conference, London.

Mr. Michael Heseltine, Environment Secretary, addresses Avon County Local Government conference, Bristol.

Earl of Gowrie, Employment Minister, speaks at Nottingham.

Mr. Norman Tebbit, Industry Minister, speaks at Cambridge.

Mr. John Moore, Energy Parliamentary Secretary, addresses Reading University Conservative Association.

The Guardian House of Lords v. House of Commons annual bridge match, Inn on the Park, London.

Overseas: Mrs. Margaret Thatcher meets U.S. Government leaders, Washington.

Crown Prince Akihifo and Princess Michiko of Japan meet King Bhumibol Adulyadej of Thailand, at Chiang Mai.

Mr. Wilfried Martens, Belgian Prime Minister, discusses economic situation, Zaire.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY MEETINGS

Associated Paper Industries, Great Eastern Hotel, Bishopsgate, EC, 12.30. Grange Trust, 70 Finsbury Pavement, EC, 12.30. Jitra Rubber Plantations, Tubs Hill House, London Road, Sevenoaks, Kent, 12. Mid Southern Water, Frimley Green, Camberley, Surrey, 12. Muirhead, Hyde Park Hotel, Knightsbridge, SW, 11.15.

COMPANY RESULTS

Final dividends: Allen Harvey and Ross. Alliance Trust. Interim dividends: R. and J. Pullman. Raine Engineering.

LUNCHTIME MUSIC, London.

Organ recital by Philip Deane, St. Paul's Cathedral, 12.30 pm.

Recital by Linda Strachan (mezzo-soprano), Guildhall School of Music and Drama, 1.10 pm.

Concert by the Snetzler Duo, St. Andrew-by-the-Wardrobe, 1.15 pm.

UK COMPANY NEWS

Plessey surges 71% to £60m for nine months

PROFITS, before tax, of the Plessey Company have jumped 71 per cent from £35.44m to £60.66m, for the nine months ended December 31, 1980, with a £6m boost in the third quarter surplus to £22.1m. Sales for the three months rose from £191.5m to £204.3m lifting the full amount to £603m against £525.6m, a 14.7 per cent increase.

After six months profits had expanded from £19.42m to £38.57m.

Earnings per 50p share, as at December 31, are shown as 16.75p compared with 9.57p, and the interim dividend is lifted to 3.22p (2.928p) net — last year's final payment was 4.01p paid from total pre-tax profits of £60.1m.

At the operating level—surplus was £78.62m (£56.7m) for nine months—margins were 10.3 per cent of sales (7.6 per cent), following improvements in output, increased efficiencies and cost elimination.

Although all sectors produced higher profit contributions, except microelectronics and components, down from £7.3m to £4.82m, telecommunications main exchanges and transmission, and electronic systems and equipment achieved the strongest increases — profits expanded to £19.46m (£6.46m) and £13.91m (£7.82m) respectively.

Companies in the UK increased their sales by 27.5 per cent to £443m, the export content amounting to £65m (£71m), but overseas sales fell by £18m to £160m due primarily to the continuing improvement of sterling against other currencies, and the disposal of the Portuguese company last March.

Orders, at the end of December, amounted to £1.2bn, a rise of 32 per cent. The UK export content of £218m has improved by 17 per cent over the past 12 months, the directors state.

New investment in capital expenditure continued at a higher level than previous years, they add, and the balance sheet remains strong due to a substantial operating cash inflow from the trading companies.

Pre-tax figure was struck after depreciation of £16.64m (£16.7m) and interest payable of £8.92m (£8.66m), but included interest receivable, well up at £4.99m (£1.8m), and associate's share of £2.61m against £2.43m.

Mr. Peter Marshall, chief executive, said later at a Press conference that fourth quarter figures would be more orderly, after the surge of demand last time following strikes. He made no forecast for the full 1980-81 year, but was "quietly confident" about 1982.

After allowing for exchange rates and discontinued businesses the group's sales would have been some 24 per cent over the nine months, he says.

On the performance of microelectronics, Mr. Marshall stated that reorganisation of the business meant it was now hardly influenced by changes in the consumer market—the reorganisation largely accounted for the drop in profits, he explained.

The group had been little affected by defence cuts, with no major contracts cancelled, he stated, and the directors were confident that most of these were secure. There had been no question of deferred payments from British Telecoms, he added.

The hydraulics side incurred losses in the second quarter, but with remedial action it had been profitable for the past two months.

The group's five main customers in this sector are Ford, Massey Ferguson, International Harvesters, David Brown, and British Leyland, and the chief executive said that this division could make a loss for the full year. The directors, however, were hoping for an upturn by the end of 1981.

HIGHLIGHTS

Lex looks at the very poor results from **ICI** and the company's first dividend cut since 1938, after two consecutive quarters of losses. The column goes on to consider the state of play in the **House of Fraser/Lonrho** battle following the publication yesterday of the retail group's second defence document. Electricals giant **Plessey** produced some encouraging figures yesterday. Profits in the third quarter rose from £16m to £22m, to leave the figure for the nine months sharply up from £35m to nearly £61m. On the inside pages there are poor results from **Brown Brothers**, which has been hit by the downturn in demand for automotive parts, and **AI Industrials** where losses are recorded once again.

Ratcliffs halves final payment

Taking into account a tax credit of £67,300, **Ratcliffs (Great Bridge)**, the brass and copper strip manufacturer, suffered a net loss of £95,100 for the year to December 31, 1980, compared to a net profit of £930,100 after tax of £648,600 previously. The company is halving the final dividend to 0.75p making 1.5p net for the year compared to a 2.5p total in 1979.

The loss includes £74,000 of exceptional metal losses which have been covered by a transfer from a metal price contingency reserve.

THOMAS WALKER LITTLE CHANGED

A fall of £5,013 to £61,801 in pre-tax profits is reported by **Thomas Walker** for the half-year to December 31, 1980. Turnover of this manufacturer of metal smallwares for the clothing industry was also lower at £856,652 compared with £869,491.

After tax up from £13,520 to £26,00, stated earnings per 5p share are down to 0.597p (0.888p), but the interim dividend is unchanged at 0.1675p—last year's total was 0.7475p from pre-tax profits of £164,508 (£231,637).

Brown Bros. falls to £0.15m

MID-TERM pre-tax profits of Brown Brothers, the motor accessories distributor which is 69 per cent owned by Dana Corporation, plummeted from £1.85m to £153,000 in the half year to December 31, 1980. The directors have passed an interim dividend against 1p last time.

Sir Monty Prichard, chairman, warned that no relief can be seen in the immediate future, though the company is soundly based should an upturn in the national and world economic scene take place in the second half of 1981.

Turnover in the half-year dropped from £47.16m to £43.76m. Interest charges were sharply up to £607,000 (£470,000), but there was no deduction for goodwill written-off which cost £106,000 last time.

After tax charges of £56,000 (£61,000) and the payment of greatly increased minority interests at £42,000 (£1,000), the profit retained was £55,000 against £1.33m. Earnings per share fell to 0.12p (3.91p).

The board adds that, as a consequence of Dana Corporation's decision to chhange its accounting year end, Brown Bros. will follow suit in order to simplify consolidation.

The present accounting period will therefore run for the 16 months to October 31, 1981. An announcement of the unaudited results for the 12 months to June 30, 1981, can be expected in September.

comment

Stoicism would seem to characterise the minority shareholders of **Brown Brothers** (the 69 per cent owned subsidiary of Dana Corporation). In common with the rest of the automotive component industry, Brown Brothers has seen its profits evaporate—attributable earnings for the first six months are only 3 per cent of those achieved a year before. The interim dividend, which was then raised by 89 per cent, has now been abandoned altogether. The shares were unmoved by this news, remaining on 28p, where they are presumably sustained by a mixture of hope that continuing rationalisation will yield profits when the economy revives with expectations that the U.S. parent may eventually decide to pick up the balance of the shares, which had asset backing last June of 42p.

Break even at Westwood Dawes

Structural and mechanical handling engineer **Westwood Dawes and Co.** was at break-even for the 12 months to end-December, 1980, turning in a pre-tax profit of just £91, compared with £121,814 previously. Sales were £244,419 higher at £2.45m.

The fall follows a setback at mid-year from £65,183 to £35,901.

The dividend is omitted—last time an interim of 1p net was followed by a final of 1.5p.

The surplus for the 12 months was struck after redundancy costs of £46,688 (nil). There was a tax credit of £14,136 (£65,343 charge) and stated earnings per 25p share were down from 4.48p to 1.13p.

On a CCA basis the pre-tax profit is reduced to a loss of £121,048.

ICI dividend reduced by 6p

FOR THE second successive quarter, Imperial Chemical Industries in the final three months of 1980 traded at a loss and with the outlook now markedly worse than expected in October, the second interim dividend is being reduced to 5p net per share, against 11p last time. This reduces the total payment from 23p to 17p.

With fourth-quarter sales down slightly at £1.44bn (£1.48bn) pre-tax loss for the period was £6m (£145 profit), which meant that over the year, taxable profits dropped from £613m to £284m on sales 6 per cent higher at £5.72bn (£5.37bn).

The figures are affected by two changes in accounting presentation which have been made in the light of evolving accounting practice. These changes increase profits before tax by £58m (£53m).

Following the publication of ED 27, the exchange loss on translating net current assets of overseas subsidiaries into sterling is charged against reserves, instead of profits. Also Government grants receivable, which are spread over the lives of relevant assets, are included in trading profits, instead of being deducted from tax.

The quarterly profits have also been restated to eliminate provisions made for employees' profit-sharing bonus in the first half.

Based on new presentation accounts, attributable profits, before extraordinary items tumbled from £457m to £130m in 1980, after an unchanged tax charge of £123m and minorities. Earnings per £1 share were 22.1p (79.2p) before extraordinary items.

Extraordinary costs totalled £150m (£18m) and with dividends costing £101m (£134m), there was a retained deficit of £121m (£307m profit).

Extraordinary items included a £95m provision in respect of changes in the fibres operations, with the remainder for losses on disposal and reductions in holding values of certain chemical assets and investments. These include a £26m reduction to £22m in the holding value of the group's investment in Carrington Viyella, equivalent to 25p per share.

Current cost figures show that pre-tax profits for the year were reduced from £366m to £73m. This was after adjustments for supplementary depreciation of £165m (£125m), cost of sales of £109m (£139m), monetary working capital of £3m (£59m) and indexation of Government grants of £38m (£30m). There was an SSAP 16 gearing gain of £64m (£72m). CCA loss per share was 10.4p (38.6p earnings).

The directors say the UK recession is proving to be deeper and longer than was thought likely when the third-quarter results were announced. Further substantial strengthening of sterling against Continental currencies since then has made the competitive position weaker both for ICI and its customers.

Vigorous action being taken to reduce costs cannot offset more than a part of this disadvantage, they say, and prospects for the first half of 1981 are therefore poor.

Substantial improvement thereafter must mainly depend on renewed growth in economic activity in the UK and worldwide, combined with a more favourable currency environment.

Trading in the last three quarters of the year was severely affected by the world recession and the accompanying destocking, particularly in the UK and Continental Europe where prices were sharply reduced as sales volume fell.

UK costs continued to increase but against the recessionary background, the rising value of the pound held down prices in the UK and also caused UK export margins to fall steeply and it was therefore not possible to recover the full increase in costs through higher prices.

Exports were profitable at the beginning of the year, became unprofitable in the second quarter, and by the end of the year in many areas realisations barely covered production costs.

Chemical sales volume in the fourth quarter increased by 7 per cent, but in the UK there was no volume improvement over the seasonally low third quarter. The further strengthening of sterling again prevented much needed selling price increases and a loss before tax, was again incurred.

The group's oil business including its Ninian Oil share, produced trading profits £22m in the quarter (£22m third quarter) after petroleum revenue tax.

See Lex

Fibres head the vulnerable businesses

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE HIDDEN depths of the recession were highlighted yesterday when Imperial Chemical Industries reported a dramatic 53.6 per cent drop in profits between 1979 and 1980.

The UK-based group made it clear last autumn that its results would not match up to those of the previous year. Nor had ICI made any secret of the fact that its most vulnerable businesses were the bulk chemical operations such as fibres, petrochemicals and plastics.

But when the company reported its first-ever loss of £10m in the third quarter of last year, it did not appear to foresee the full dimensions of the slump. In 1979 only one of its 11 businesses made a trading loss — fibres. Last year fibres, petrochemicals, plastics and organic chemicals all made trading losses.

Trading profits improved in only three areas in 1980 — pharmaceuticals, the comparatively tiny industrial explosives sector, and oil, where much of ICI's income comes from its 19.2 per cent stake in the North Sea's Ninian field.

ICI is putting the blame for its poor performance in so many businesses on the recession, increased costs and the continuing strength of sterling. Yesterday it admitted that the economic downturn in the UK was "proving to be deeper and longer than was thought likely last October."

It went on to state that further appreciation of the pound against other West European currencies had "made the competitive position weaker for both ICI and its UK customers." Prospects for the first half of 1981 were "poor."

A large chunk of ICI's business is still centred on the production of commodity chemicals which have been particularly hard hit by the recession. Last year demand plummeted by as much as 30 per cent in the case of some products.

At the same time, the cost of raw materials—notably those made from oil—rose. ICI reckons that in Europe alone it paid an extra £100m in 1980 for its oil-based raw materials and if it had bought the same volumes as in 1979, the bill last year would have been £128m higher.

Europe's overcapacity in such fields as plastics and petrochemicals has become notorious. So too has the lack of discipline displayed by vritually all European heavy chemical producers on pricing. ICI has been hurt by these twin evils as much as its competitors.

The group said that it had generally managed to maintain its market share—but only at the cost of low margins. This trend appears to be common to most of the big European chemical producers: they have won the fight to protect their market shares, but in the process they have sacrificed profits.

The effect of this on ICI can be seen in the way its 1979 trading profits collapsed. Their plastics, petrochemicals and organics divisions made profits of £51m, £94m and £1 respectively, while its fibres division made a los of £38m. Last year the first three businesses turned in losses of £35m, £44m and £35m, while the fibres' loss was increased to £86m.

But ICI has been hit even harder than many of its European competitors because the UK accounts for 37 per cent of its total sales. The group said that the economic downturn had been more severe in Britain than on the Continent. The Continent, in turn, had suffered more than the U.S.

This was partly because of the "deflationary policies of the UK Government, including high interest rates." High interest rates had made the problem of destocking worse in the UK than on the Continent. ICI also had to pay more for its energy than most of its competitors.

The group reckoned it had had to pay about twice as much for its electricity as German chemical companies, while the £8 a tonne UK duty on heavy fuel oil—one of the highest levels in Europe—meant ICI was having to pay around £10m more than its competitors.

Meanwhile, the strength of sterling made it even harder for the group to increase its selling prices. ICI admitted that it benefited, to some extent, by being able to buy a proportion of its raw materials overseas. But it stressed that the gains made by buying raw materials in weaker currencies had covered about half the losses it had made in export realisations.

ICI's poor performance seems certain to have two effects on its business. The first will be to "accelerate the cost cutting programme." It has already begun. Last year the group's UK workforce was cut by just over 5,000 to 84,300, and at least as many jobs will go this year.

Meanwhile, spending and future spending authorisations are being drastically reduced. Last year, it authorised the spending of £324m—£176m in the UK—against a total of £552m in 1979—£286m in the UK.

Actual spending was £724m (£390m in the UK), which was only slightly down on the 1979 figure of £760m (£432m in the UK). But at the end of the year £465m of authorised expenditure remained unspent.

The second consequence of the group's sadly low figures is likely to be a move away from some of the heavier chemical businesses and into the more stable, recession-proof high added value areas.

It is, perhaps, noteworthy that even in the disastrous year ICI's pharmaceutical, agriculture and paints operations did well. There is likely to be increasing emphasis on these in the future.

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank	14 %
American Express Bk.	14 %
Amro Bank	14 %
Henry Ansbacher	14 %
AP Bank Ltd.	14 %
■ Arbuthnot Latham	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
BCCI	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½ %
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	15 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E. T. Trust Limited	14 %
First Nat. Fin. Corp.	16½ %
First Nat. Secs. Ltd.	16 %
Robert Fraser	14 %
Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	¶14 %
■ Hambros Bank	14 %
■ Hill, Samuel	§14 %
C. Hoare & Co.	†14 %
Hongkong & Shanghai	14 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	16 %
Langris Trust Ltd.	14 %
Lloyds Bank	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Slavenburg's Bank	14 %
E. S. Schwab	14 %
Standard Chartered	ǁ14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	14 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½ %
Williams & Glyn's	14 %
Wintrust Secs. Ltd.	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
ǁ 21-day deposits over £1,000 13%.

SPAIN

February 26	Price %	+ or −
Banco Bilbao	285	
Banco Central	326	+2
Banco Exterior	270	+10
Banco Hispano	274	+9
Banco Ind. Cat.	126	+1
Banco Madrid	141	
Banco Santander	334	+1
Banco Urquijo	187	+2
Banco Vizcaya	317	+3
Banco Zaragoza	233	+1
Dragados	127	+1
Espanola Zinc	64	+2
Fecsa	58.2	−0.3
Gal. Preciados	34	+0.5
Hidrola	65.7	+0.7
Iberduero	57.5	−0.5
Petroleos	94	−0.2
Petroliber	70	
Sogefisa	97	−2
Telefonica	62	+0.3
Union Elect.	65	+0.5

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AI Industrial	0.01	—	—	0.01	0.85
Alcan Aluminium (UK)	Nil	—	3.3	3.3	6.6
Anglo-Transvaal ...int.	‡75	—	50	—	230
Ariel Industries ...int.	0.54	April 16	1.08	—	2.7
British Assets ...int.	9.05	April 6	0.8	—	3.5
Brown Bros. ...int.	Nil	—	1	—	2.1
Footwear Ind. Inv. int.	1.54	May 11	1.54	—	5.04
Gripperrods ...int.	1.58	April 4	1.58	—	5.25
ICI 2nd int.	5	April 3	11	17	23
*Ldn. Shop Propty. ...int.	1	April 30	0.95	—	3.1
Plessey ...int.	3.22	July 1	2.93	—	6.94
Ratcliffs	0.75	—	1.5	1.5	2.5
Romai Tea	22.5	—	22.5	22.5	22.5
Tace	Nil	—	1.2	0.85	2
Thomas Walker ...int.	0.17	May 2	0.17	—	0.75
Ward Holdings	3.01	—	3.01	4.2	4.2
Westwood Dawes	Nil	—	1.5	Nil	2.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Cents throughout.

£4m profit fall for Alcan UK

AS ANTICIPATED at the interim stage, Alcan Aluminium (UK), hit by the recession and the strong pound, operated at a loss in the second half of 1980. This meant that pre-tax profits for the year tumbled from £6.3m to £2.1m, after showing a 100 per cent jump to £7.2m at midway.

No final dividend is being recommended and the directors warn that prospects for a resumption in the short term are poor. The maintained interim *of 3.3p net therefore compares* with a total of 6.6p for the previous year.

The outlook for 1981 is for continuing losses and for a further significant increase in borrowings, due to economic conditions in the UK, to the current exchange value of the pound and to a reduced level of demand in European aluminium markets.

Current cost figures show an increase in pre-tax losses from £12m to £20.9m. Adjustments for additional depreciation took £24.3m (£18.5m), cost of sales £5.1m (£5.5m) and monetary working capital £2.2m (£1.2m), partly offset by a higher gearing adjustment of £8.6m (£7m). CCA loss per £1 share was 48.8p (29.8p) compared with historical earnings of 1.9p (11.5p).

Sales for the year rose from £387.3m to £335.6m, but historical trading profits fell by £0.8m to £17m. The greater reduction at the pre-tax level reflected an increase in interest charges from £11.6m to £14.9m.

Tax took £1.2m (£1.1m) and attributable profits dropped from £5.1m to £0.9m, which was insufficient to cover the dividend costing £1.5m (£2.9m).

The directors say the business recession in the UK reduced overall volume of orders to uneconomic levels, particularly in the rolled and extruded product areas, while at the same time the strong pound hit margins.

These trends, however, were partly offset by improved output from the Lynemouth smelter, which operated close to capacity in the second half, and by maintained output by Alcan Plate.

But conditions were aggravated by continuing inflationary cost increases. The directors point out that for gas and bought-in electricity the company, in common with most of British industry, suffers an unacceptable penalty as compared with many of its foreign competitors.

Earlier this month, proposals were announced for the acquisition by Alcan Aluminium, the parent company, of the 10,058,533 ordinary shares (21.98 per cent) in the company not already owned by Alcan Europe NV. The directors and the company's advisers, Robert Fleming and Co., are recommending acceptance.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims—R. and J. Pullman, Raine Engineering Industries.

Finals—Allen Harvey and Ross, Alliance Trust, Bond Street Fabrics, Nesco Investments.

FUTURE DATES

Interims—	
AAH	Mar. 3
Jarvis (J.)	Mar. 11
Neepsend	Mar. 2
Trans-Oceanic Trust	Mar. 5
Finals—	
Danish Bacon	Apr. 22
Mount Charlotte Investments	Mar. 3
Nu-Swift Industries	Mar. 12
Tavener Rutledge	Mar. 5

WVF expands to £2.9m

DESPITE 1980 being a difficult year for the motor trade with falling sales, extreme price competition and very high interest rates, Wholesale Vehicle Finance *reports an increase in pre-tax* profits from £1.58m to £2.92m for the year to December 31, 1980. The previous accounting period was for 11 months.

The company, formed two years ago, is a subsidiary of the National Enterprise Board, and was launched to enable distributors and main dealers in the UK, franchised by BL Cars, to hold stocks of new cars and light commercial vehicles consigned to them.

Instead of having to buy the vehicles or to fund bulk deposits with the manufacturer, the distributor or dealer receives vehicles on a sale or return basis, funded by WVF, and pays a display charge for the right to hold this stock.

At the year-end the display charge amounted to £17.51m compared with £10.2m for the previous 11 months. Operating profit advanced from £2.01m to £3.51m. Interest paid on loan stock was £581,000 (£425,000). Tax was higher at £180,000 (£77,000). The dividend is substantially higher at 20p (8.5p) and this absorbs £1.87m (£795,000). Retained profits are £874,000 (£522,000).

Mr. Alfred Singer, the chairman, reviewing the year says 1980 has been a great year for BL and possibly a turning point in its history. In spite of the recession, BL Cars' share of the market has increased and stocks have been sharply reduced.

The decision that the ownership of BL will be transferred from the NEB to the Secretary of State for Industry — as soon as the Industry Bill now before Parliament receives Royal Assent — should not affect the ownership of WVF, as far as he knows.

The balance sheet shows prepayment deposits with BL at £101.4m (£111.5m).

The NEB holds 77.5 per cent of the WVF issued capital, with the National Coal Board Pension Funds, Post Office Staff Superannuation Fund and United Dominions Trust each holding a 7.5 per cent share.

Downturn for Ward Hlds.

A SLUMP in second half profits from £1.47m to £767,000 has left Ward Holdings with a pre-tax surplus of £1.58m for the year to end-October 1980, compared with £2.34m. At the midway stage this Kent-based property developer reported taxable profits of £813,000 (£866,000).

The dividend is being maintained at 4.2p net with a same-again final of 3.01p. A scrip issue of deferred ordinary shares on a one-for-two basis was announced in October, 1979, but these shares do not rank for any dividend announced before November, 1984.

Tax for the year took £125,000 (£106,000) and stated earnings per 10p share were lower at 16.6p (25.6p) and fully diluted 11.1p.

Although sales rose over the year from £11.75m to £12.81m, Mr. Denis Ward, the chairman, says the second half was the most difficult period in memory for selling new houses, as has been the general trend throughout the house building industry.

He adds that prospective buyers of the company's houses were unable to proceed when the second-hand market ceased to operate effectively.

Mr. Ward says urgent action was taken to switch activities to the first-time buyer market and the company now has substantial numbers of one-bedroomed houses under construction in north-west Kent.

The chairman points out that nationally, fewer houses were built over the year than in any peace-time year for half a century and, "although we have had the ability to react with speed, this has not insulated us against a severe reduction in profit margins or the effect of high interest rates."

In the circumstances, he believes the profit for the year was satisfactory.

The following transactions have taken place in the directors' shareholdings in December—D. J. Ward has bought 150,000 deferred ordinary and sold 215,000 ordinary and F. W. Cook has sold 2,500 deferred ordinary and bought 5,000 ordinary.

BANK RETURN

BANKING DEPARTMENT

	Wednesday February 25 1981 £		Increase (+) or Decrease (—) for week £
Liabilities			
Capital	14,553,000		—
Public Deposits	34,253,153	+	2,555,130
Bankers Deposits	530,427,871	—	71,282,191
Reserve & other Accounts	1,341,738,614	+	53,548,354
	1,920,972,638	—	15,178,707
ASSETS			
Government Securities	552,020,856	—	29,920,000
Advances & other Accounts	813,481,295	+	19,880,118
Premises Equipment & other Secs.	528,935,847	—	15,655,880
Notes	26,070,609	+	11,528,150
Coin	464,051	—	11,095
	1,920,972,638	—	15,178,707

ISSUE DEPARTMENT

	£		£
Liabilities			
Notes Issued	10,225,000,000	+	50,000,000
In Circulation	10,198,929,391	+	38,471,850
In Banking Department	26,070,609	+	11,528,150
ASSETS			
Government Debt	11,015,100		—
Other Government Securities	6,709,050,008	—	45,943,733
Other Securities	3,504,934,892	+	95,943,733
	10,225,000,000	+	50,000,000

RATCLIFFS (GREAT BRIDGE) LIMITED

BRASS COPPER RATCLIFFS QUALITY STRIP

PRELIMINARY ANNOUNCEMENT

Results for year to 31st December, 1980

	1980	1979
Group Sales	41,715,400	44,438,600
Earnings (Loss) Gross		
Parent Company	(654,400)	730,000
Subsidiary	646,200	623,000
Exceptional Metal Gain (Loss)	(154,200)	224,900
Group	(162,400)	1,578,700
Taxation Payable	—	648,600
Recoverable	67,300	—
Nett earnings (loss) after taxation	(95,100)	930,100
Dividends on		
Ordinary shares—interim—paid	0.75p	1.00p
final—proposed	0.75p	1.50p
Total for year	1.50p	2.50p
Earnings (loss) per share	(2.95p)	18.96p
Total distribution exclusive of A.C.T.	£113,000	£159,800

NOTES

The above figures have been prepared under the historical cost convention and Taxation has been computed in accordance with the legislation existing at February 26th 1981.

Exceptional metal gains or losses are dealt with by transfers to or from metal price contingency reserve.

Parent Company loss is struck after absorbing £306,200 of redundancy and protection payment costs.

CHAIRMAN'S COMMENTS

1980 Year

Conditions for Great Bridge got progressively worse throughout the year but our Canadian subsidiary made a brilliant recovery from a difficult first half and was able to report very satisfactory earnings for the year.

Dividend

On the basis of satisfactory Canadian earnings the Directors are recommending a final dividend per ordinary share of 0.75p making a total of 1.50p (1979 2.50p).

Prospects

Unless there is an easement either in recession conditions or sterling exchange rates, both of which are contributing to the exceedingly tough competitive position now being faced, it is difficult to see Great Bridge attaining more than a break even position for 1981.

Conditions for our Canadian subsidiary are much more encouraging and a satisfactory level of earnings should be maintained for 1981.

Annual General Meeting

3.00 pm Tuesday, April 28th at Birmingham Chamber of Industry and Commerce. Detailed statements will be mailed to shareholders on Thursday April 2nd 1981.

ICI in 1980

The Board of Directors of Imperial Chemical Industries Limited announce the following trading results of the Group for the year 1980, subject to the completion of the audit, with comparative figures for 1979.

For the second successive quarter the Company has traded at a loss. The outlook for 1981 is now markedly worse than expected in October 1980. The Board has accordingly decided to reduce the second interim dividend to five pence.

The figures are affected by two changes in accounting presentation which have been made in the light of evolving accounting practice. The changes increase profit before tax by £58m (1979 £53m) and profit attributable to parent company before extraordinary items by £33m (1979 £26m). The quarterly sequence of profits is also affected by the release of provisions made in the first half year.

The following table summarises the quarterly sales and profit before tax:

	Group Sales £m	Profit Before Tax £m
1979 1st Quarter	1185	98
2nd Quarter	1382	162
3rd Quarter	1326	155
4th Quarter	1475	145
Changes in Accounting Presentation	—	53
Year	5368	613
1980 1st Quarter	1523	162
2nd Quarter	1452	80
3rd Quarter	1304	—10
4th Quarter	1436	— 6
Changes in Accounting Presentation	—	58
Year	5715	284

The quarterly profit figures for 9180 shown above have been restated to eliminate *provisions made for Employees' Profit-Sharing Bonus during the first half year. This bonus* depends upon the ratio of added value to employee costs. In 1980 the ratio fell below the point at which a bonus is normally payable and the Board has decided not to make a discretionary payment.

The Group profit and loss account is shown below both on the new presentation and on the presentation previously adopted.

	New Presentation 1980 £m	New Presentation 1979 £m	Previous basis of Presentation 1980 £m	Previous basis of Presentation 1979 £m
Sales to External Customers				
United Kingdom	2399	2232		
Overseas	3316	3136		
Total	5715	5368		
Profit Before Taxation	284	613	226	560
After charging/crediting Depreciation	291	248	291	248
*Exchange loss on net current assets of overseas subsidiaries	—	—	37	34
*Government grants credit	21	19	—	—
Taxation less grants	—123	—123	—102	—104
Taxation	—123	—123	—123	—123
*Government grants credit	—	—	21	19
	161	490	124	456
Applicable to minorities	— 31	— 33	— 27	— 25
Profit attributable to parent company before extraordinary items	130	457	97	431
Extraordinary items	—150	— 16	—150	— 16
Profit/loss attributable to parent company after extraordinary items	— 20	441	— 53	415
Dividends	—101	—134	—101	—134
Profit/loss retained	—121	307	—154	281
Earnings before extraordinary items per £1 Ordinary stock	22.1p	79.2p	16.5p	74.7p
Dividends per £1 Ordinary stock	17.0p	23.0p	17.0p	23.0p
Profit before taxation and loan interest as percentage of average assets employed	8.6%	16.4%	7.4%	15.2%

*Accounting presentation change

Trading Results 1980

Sales

Group sales increased by 6% to £5715m. Most of the increase was from higher oil sales. Chemical sales prices rose by 8%, but a fall in volume of 5% resulted in an overall increase in chemical sales value of only 3%. The f.o.b. value of exports from the UK was £1173m compared with £1108m in 1979.

Profits

Trading in the last three quarters of the year was severely affected by the world recession and the accompanying de-stocking, particularly in the UK and Continental Europe where profits were sharply reduced as sales volume fell. UK costs continued to increase but against the recessionary background the rising value of sterling held down prices in the UK and also caused UK export margins to fall steeply. It was not possible therefore to recover the full increase in costs through higher prices. Exports were profitable at the beginning of the year but became unprofitable during the second quarter, and by the end of the year in many areas realisations barely covered production costs. The Agricultural, Pharmaceuticals, Paints and Oil businesses did well but Petrochemicals, Plastics, Fibres and Organics all incurred heavy trading losses. Outside Western Europe, however, profit levels were broadly maintained with particularly good results in Australasia and the Far East, Canada and South Africa.

Fourth Quarter 1980

Chemical sales volume in the fourth quarter of 1980 increased by 7%, but in the UK there was no volume improvement over the seasonally low third quarter. Sterling strengthened further against European currencies which again prevented much needed selling price increases. A loss before tax was again incurred.

The Company's oil business (including its share in the Ninian oilfield) produced trading profits amounting to £22m in the quarter (third quarter 1980 £22m) after petroleum revenue tax of £15m.

In the harsh trading conditions of 1980 major steps have been taken to reduce costs and improve cash flow. Working capital has been contained in spite of rising costs. There has been vigorous action across all operating units to reduce costs and in addition there was major restructuring of the fibres business, where fixed costs and overheads are being reduced on a broad front. Despite all these difficulties, market share has generally beEn held, but at the expense of retaining business with low margins.

Changes in Presentation of Accounts

The two changes in the presentation of the results are:

1. *Following the publication of Exposure Draft 27 (Accounting for foreign currency* translations) the exchange loss on translating the net current assets of overseas subsidiaries into sterling is charged against reserves, instead of against profits for the year. This change in presentation increases profit before tax by £37m (1979 £34m) and profit attributable to the parent company before extraordinary items by £33m (1979 £26m).

2. Government grants receivable, which are spread over the lives of the relevant assets, are included in trading profit, instead of being deducted from taxation. This follows the practice most commonly adopted by other companies. The change in presentation increases profit before tax by £21 (1979 £19m) but does not alter the profit attributable to the parent company.

Extraordinary Items

As stated when the figures for the first nine months were announced on 23 October, an amount of £150m (1979 £16m) has been provided to meet certain extraordinary costs and losses facing the Group as an outcome of the severe worldwide recession. The provision includes £95m in respect of changes which have been announced in the fibres operations; and the remainder represents losses on disposal and reductions in holding values of certain chemical assets and investments both in the UK and overseas. These include a £26m reduction in the holding value of the Company's investment in Carrington Viyella to £22m, equivalent to 25p per share.

Taxation

The charge for taxation for the year 1980 amounting to £123m (1979 £123m) consists of £41m of UK corporation tax (1979 £65m), £54m overseas tax (1979 £43m) and £28m on the profits of principal associated companies (1979 £15m). As explained above, Government grants are now credited to trading profits and not deducted from taxation.

Current Cost Accounts

	Current Cost Accounts 1980 £m	Current Cost Accounts 1979 £m
Trading profit	93	341
Profits less losses from trade investments	26	33
Interest and other financial items	— 46	— 8
Profit before taxation	73	366
Taxation	—123	—123
Applicable to minorities	— 11	— 20
Profit/Loss attributable to parent company before extraordinary items	— 61	223
Extraordinary items	—173	— 16
Profit/loss attributable to parent company after extraordinary items	—234	207
Dividends	—101	—134
Profit/loss retained	—335	73
Earnings before extraordinary items per £1 Ordinary stock	—10.4p	38.6p

The current cost trading profit is stated after supplementary depreciation of £165m (1979 £125m), a cost of sales adjustment of £109m (1979 £139m), a monetary working capital adjustment of £3m (1979 £59m), and indexation of Government grants of £38m (1979 £30m). Interest cost in the current cost statement is after crediting an SSAP16 gearing gain of £64m (1979 £72m). The gearing gain when calculated on the basis that has been previously followed by ICI, which we believe to be a better measure, amounts to £204m (1979 £168m). Under this basis, profit attributable to the Parent Company before extraordinary items is £86m (1979 £318m).

Prospects

The recession in the UK is proving to be deeper and longer than was thought likely when the results for the third quarter were announced in October. Further substantial strengthening of sterling against Continental currencies since then has made the competitive position weaker both for ICI and its UK customers. The vigorous action being taken to reduce costs cannot offset more than a part of this disadvantage. Prospects for the first half of 1981 are therefore poor. Substantial improvement thereafter must mainly depend on renewed growth in economic activity in the UK and worldwide, combined with a more favourable currency environment.

Dividend for 1980

In announcing the results for the third quarter in October 1980, the Board stated:

"The decision on the final dividend will be made in February 1981 in the light of the results for the full year 1980 and of the outlook for 1981 as seen at that time, but it is the Board's present intention to maintain the level of the 1979 dividend for the year 1980."

As indicated above, the outlook for 1981 is now seen to be markedly worse than was expected at that time, and it is not possible at present to forecast when an upturn will commence. Having paid an interim dividend of twelve pence the Board has concluded that it would not be appropriate to maintain the second interim dividend at the level of the previous year (eleven pence).

The Board has declared a second interim dividend of 5.0 pence (five point nought pence) per £1 unit of Ordinary stock, which the Annual General Meeting will be asked to confirm as the final dividend for 1980, payable on 3 April 1981 to members on the Register today. This, together with the first interim dividend of 12.0 pence (twelve point nought pence) makes a total Ordinary dividend of 17.0 pence (seventeen point nought pence) for the year. Including the imputed tax credit of 7.29 pence this is equivalent to a gross dividend of 24.29 pence (1979 32.86p). The second interim dividend now declared will absorb £30m and together with the first interim dividend makes a total of £101m for the year.

Trading results for the first quarter 1981 will be announced on Thursday 30 April 1981.

J D COUSIN
Secretary

Imperial Chemical House
Millbank
London SW1P 3JF

26 February 1981

ICI Imperial Chemical Industries Limited

BIDS AND DEALS

Fraser expects at least £34m: valuation raises assets to 302p

BY JOHN MOORE

PRE-TAX profits of House of Fraser, for the financial year ending January 31, 1981, are estimated to be not less than £34m "which will come as a surprise," said Professor Roland Smith, the part-time chairman of the Fraser group.

Profits for the previous year totalled £37.1m.

Unveiling the group's major defence document in its battle against a £158m takeover bid by Lonrho, the international trading conglomerate, Professor Smith said that the figures "have been earned from trading."

He stressed: "They do not include exceptional items of financial engineering of any kind."

The defence document states: "This means that we earned profits before tax of £33m in the second half, the highest profits House of Fraser has ever achieved in any half year, and more than 12 per cent higher than the previous second half."

The profit of £17.6m on the sale of D. H. Evans is not included in the profit figures and profit on other disposals was about the same as the previous year. Total turnover for the financial year increased by approximately 10 per cent.

The board intends to recommend a final dividend of 4.6p per share making a total dividend of 6.6p per share, an increase of 10 per cent.

After an asset revaluation of all the group's properties, by Conrad Ritblat, the asset value of the shares has grown to 302p per share.

The revaluation, which is based on open market value for existing use, shows a total property value of £336.9m, a surplus over book value of some £185m.

This is a conservative valuation and, with three minor exceptions, takes into account only what the properties are worth as department stores or for other existing uses without regard to the value of their redevelopment potential.

The board argues that there is a "plus" premium value of Harrods. "Harrods is the finest and most prestigious store in the world. It would be a jewel in any crown and we believe, a buyer of the Harrods store would pay a substantial goodwill premium over its current property value of £95m, which itself represents 63p for each House of Fraser ordinary share."

The board continues: "There have been suggestions that Harrods should, in some way, be separated from the rest of House of Fraser, so that shareholders could have a separate share in Harrods as well as a share in House of Fraser. Our view is that such a move would, at this time, be wrong but we recognise that the full value of Harrods has been hidden for too long."

Another "plus" listed by the directors is "the supervalue of your assets."

Other Fraser properties have a potential value considerably in excess of their value today as department stores. In certain stores selling space is greater than necesaary. Upper floors can be converted into offices without harming sales volumes but considerably enhancing profitability.

"We will pursue such plans where the profitability of a store is belaow target and cannot be raised up to standard by increased efficiency measures."

"There is no doubt that exciting large-scale property development potential exists among the 109 store properties and other property assets of House of Fraser.

"A study of six properties with redevelopment potential shows a significant surplus for House of Fraser which would more than double their new valuation. A further 22 properties are considered suitable for study with a view to partial redevelopment."

"We propose more aggressive management of our portfolio of non-operational properties. It is our policy to unlock the hidden supervalue contained in group properties for the benefit of shareholders."

Commenting on how the "supervalue" might be unlocked the board says that the most direct way would be to make available, at no cost to shareholders, shares in a separate company owning the properties to be developed.

There are various ways in which such a proposal might be implemented with the sanction of shareholders and the necessary tax clearances, the board states.

"Your board will continue to review the commercial feasibility of these and other possibilities in detail. But none of this will be possible if you allow Lonrho's offer to succeed."

On Lonrho's motives and tactics behind the bid the board says: "House of Fraser has what Lonrho lacks — prime assets in the United Kingdom producing high quality earnings and commercial stability.

"House of Fraser is a financial asset to Lonrho and is needed by Lonrho to remedy its own structural financial weaknesses aggravated by very heavy borrowings.

"Lonrho has no understanding of our business. Lonrho is a multinational conglomerate. Its profits are largely derived from mining activities in Africa, dependent on volatile commodity prices. A number of its United Kingdom businesses are doing badly. These factors must have placed a central role in Lonrho's decision to build up its present stake in House of Fraser; since then it has attempted to gain creeping control."

The board adds that Lonrho's offer of 150p represent only a "tiny" premium over the share price of 146p at which House of Fraser shares stood on May 2, 1980, the date of Lonrho's first circular to Fraser shareholders.

"Since that time, Lonrho's actions seem to have been designed to undermine confidence in your company and the market price of your shares."

On the group's trading strategy the Fraser board says that for the 1980s it hopes to build on the twin strengths of "our traditional department store business and our huge property assets.

"We will vigorously pursue our policy to own the leading quality store in each town, but we shall adapt our stores, our product ranges, our services and our promotions; activities to reflect the changing nature of retailing and to maximise our profits.

"The selling space in a number of existing stores will be increased and new stores developed in areas of increasing consumer influence. Plans have been drawn up to create an additional 40,000 sq ft of selling space within Harrods, in part to expand the famous food halls."

The board concludes its document to shareholders: "Reject Lonrho's offer by ignoring it and holding on to your shares."

See Lex

Professor Roland Smith, chairman of the House of Fraser, and all the executive directors leave a board meeting to demonstrate their solidarity outside Harrods store in London.

Rise for FII

DESPITE A predicted downturn in sales from £6.29m to £5.79m profits of Footwear Industry Investments, footwear manufacturer, improved sharply in the six months to November 30, 1980, the pre-tax figure coming through at £255,000, compared with £83,000.

The interim dividend is a same-again 1.54p net—last year a total of 5.04p was paid from taxable profits of £321,000—and after tax of £126,000 (£43,000), half year earnings per 25p share show a rise of 2.2p at 3.2p.

Liquidity remains strong with cash balances of more than £1.25m at midyear.

Mr. M. Sumray, the chairman, points out that the increase in profits, which maintains the improvement shown in the second half of 1979-80, was achieved despite having to bear the costs of undisposed factory units and the reorganisation of its subsidiary Quality Shoes, which is now concentrating on merchanting.

He says that although conditions in the footwear industry are not buoyant, the Welsh factories have a full order book to the end of the financial year to May 31. Merchanting operations, however, are relatively dull, the chairman adds.

Lower turnover, predicted by Mr. Sumray in his last annual statement, follows the closure last year of the loss-making factories of Quality Shoes.

The effect of these closures on income was offset to some extent by higher sales from merchanting and the group's Welsh manufacturing operations.

The cost of the interim dividend was reduced by £18,295 to £44,091 following the chairman and his wife waiving almost the whole of their entitlement on 1.2m shares.

No change at Danks

Shareholder pressure for the immediate appointment of two new non-executive directors to the board of Danks Gowerton, whose auditors, Touche Ross, resigned last year after a dispute over stock records, was ersisted yesterday by the chairman, Mr. Arthur Roe.

He said at the AGM he would only "consider" the appointment of new directors when the steel and engineering company had returned to profitability. He refused to answer questions relating to the resignation of Touche Ross.

Touche stepped down as auditors after qualifying Danks's 1978-79 accounts over the non-availability of certain steel stock records. The present auditors are Clement Keys, based in Birmingham.

Two non-executive directors of Danks, Mr. Lee Robinson and Mr. Jeremy Chittenden have resigned. Earlier this week, Mr. James Wheeler, managing director of the group's engineering side also resigned, but no explanation was given by Danks.

Mr. Roe said yesterday that the rate of the company's losses had now been reduced and he hoped it would return to profitability within four months, at which point he would "consider" new directors but would give no assurances.

Coopers lift bid for Whitley Bay

Mr. and Mrs. Claude Cooper have raised their bid for Whitley Bay Entertainments to 300p a share from the previous 280p and secured the agreement of the board.

The Coopers, who have extensive leisure interests in the north-east and Scotland, have already announced their intention to offer a loan note alternative for accepting shareholders.

The increased bid from the Coopers compares with 215p a share bid previously by Granada, the television and leisure concern, which had received acceptances of 46.8 per cent by last Friday's first closing date.

The Granada bid, already increased after a bid from Harry Swaddle (Coliseum)—now out of the bid contest, but owner of a near 10 per cent stake—has been extended to this afternoon.

The latest bid from the Coopers values Whitley Bay at nearly £1.5m against the £.38m their previous offer was worth. Granada's bid, which has a share alternative, totals £1.05m on the cash terms.

Mr. and Mrs. Cooper said they intend to expand the Spanish City Amusement Park operated by Whitley Bay into a prime leisure park for the north-east.

The 300p variable rate loan notes 1986 being offered as an alternative to their cash bid will be secured by a bank guarantee and interest will be paid half-yearly at the six-month London Inter Bank Bid Rate, currently 12 1/16 per cent.

Samuel Montagu, advisers to the Coopers, said the new cash bid is worth some 40 per cent more than Granada's and 20 per cent more than its share alternative at Granada's latest share price. Directors of Whitley Bay and their wives have accepted the Cooper's new bid for their 7.7 per cent of the shares. Meanwhile, the Coopers have lifted their holdings to 5.1 per cent through market purchases.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$45	—	—	20	7½	—	—	$50¼
GM C	$50	1	2¼	31	4	—	—	"
		April		July		Oct.		
ABN C	F.300	93	6.90	12	7.70	—	—	F.294
ABN C	F.320	45	2	12	2.50	—	—	"
AKZO C	F.15	—	—	10	4.40	—	—	F.18.10
AKZO C	F.17.50	196	1.20	40	2.20	6	3.10	"
AKZO C	F.20	70	0.50	135	1.20	58	1.90 A	"
AKZO C	F.22.50	20	0.20	98	0.50	—	—	"
AMRO C	F.60	11	1	2	1.80	—	—	F.56.80
HEIN C	F.55	1	5.60	2	6.60	—	—	F.59.70
HEIN C	F.60	—	—	—	—	1	5.20	"
HEIN P	F.60	3	2	—	—	—	—	"
HOOG C	F.15	77	3.40	7	3.70	—	—	F.18.20
HOOG C	F.17.50	12	1.30	4	1.70	—	—	"
HOOG C	F.20	—	—	—	—	32	1.20	"
IBM C	$60	1	6¼	—	—	—	—	$64⅛
IBM P	$60	—	—	10	1½	—	—	"
KLM C	F.60	5	20.50 A	2	20	—	—	F.79.50
KLM C	F.65	2	15	—	—	—	—	"
KLM C	F.70	53	10.50 A	50	11.70 A	—	—	"
KLM C	F.80	62	4.60	28	6.70 A	2	8.10	"
KLM P	F.60	—	—	1	0.90	—	—	"
KLM P	F.70	26	1.40 B	15	2.70 B	—	—	"
KLM P	F.80	4	4.50 B	—	—	10	7	"
NATN C	F.185	9	3.30	—	—	—	—	F.185.30
PHIL C	F.15	40	4.60	21	4.70 A	6	5.20	F.19.50
PHIL C	F.17.50	158	2.20	17	2.60 B	15	3.10	"
PHIL C	F.20	81	0.70	128	1.30	156	1.70	"
PHIL P	F.20	10	0.90	—	—	—	—	"
OLIE C	F.170	1	40A	—	—	—	—	F.207.80
OLIE C	F.180	3	30.50	—	—	—	—	"
OLIE C	F.190	3	21A	1	24.50	—	—	"
OLIE C	F.200	79	13.50B	—	—	12	20 A	"
OLIE C	F.220	371	4.10	62	7	11	10.30	"
OLIE C	F.240	282	0.70	35	3	—	—	"
OLIE P	F.180	10	0.40	—	—	—	—	"
OLIE P	F.190	30	1.60	10	4.10	—	—	"
OLIE P	F.200	71	3.60	53	6	—	—	"
OLIE P	F.220	81	14B	—	—	—	—	"
ATT C	$55	15	⅝	—	—	—	—	$52⅞
UNIL C	F.120	—	—	1	14.50	—	—	F.133.20
UNIL C	F.130	72	6	—	—	—	—	"
UNIL C	F.135	4	2.90	—	—	30	5	"
		May		Aug.		Nov.		
BOEI C	$35	—	—	—	—	1	5¼	$34⅝
BOEI P	$35	—	—	3	2	—	—	"
SLUM C	$110	—	—	—	—	3	14	$108⅝
VW C	DM.150	—	—	7	6.50	—	—	DM150

TOTAL VOLUME IN CONTRACTS 3160

A=Asked B=Bid C=Call P=Put

Judge rules in favour of Bonnerpark/Royco

FOLLOWING THE approval yesterday by a High Court judge of a scheme of arrangement Royco, the land and property group, will become a wholly-owned subsidiary of Bonnerpark.

Bonnerpark, the beneficial owner of just over 75 per cent of the equity, had offered 60p for the cancellation of each of the remaining ordinary issued shares. But the scheme had been opposed in person by Mr. Malcolm Douglas, the chairman of Willowglen, which holds 35,000 shares, and Mr. S. E. Noon, with 6,000 shares.

Mr. Justice Nourse, approving the scheme and confirming the reduction of capital, said it would be wrong to deprive the large number of minority shareholders supporting the scheme from taking advantage of the offer, merely because a comparatively small number of others considered the price too low.

He said that Mr. Douglas's assertion that the shares were worth £2 each to Bonnerpark was "fanciful."

To refuse to sanction the scheme, in the hope that Bonnerpark might come back with a better offer, would be to gamble with the interests of the minority holders.

Royco's last accounts, for the year ended December 31, 1979, showed a profit of £5.27m.

A year ago, Bonnerpark's offer of 50p for each of Royco's shares was rejected on the advice of the independent directors.

Earlier this month, Mr. Douglas had circularised shareholders, seeking support to reject the scheme. He said after the hearing: "It might have been a different matter if the circular had gone out a month earlier."

NEW OFFER FOR GLASGOW PICTURE

Glasgow Photo Playhouse is raising its bid for the ordinary share capital of Glasgow Picture House, of which it already owns 43.2 per cent, to 900p. It earlier offered 650p per share, which was topped by Country Property and Developments with an offer of 800p.

HAWTHORN LESLIE

Starwest Investment now holds 1,140,850 Hawthorn Leslie ordinary shares (42.45 per cent) and 240,000 pereference shares (38.27 per cent).

The increased holding reflects purchases of 25,000 ordinary at 144p and 240,000 preference at 54¾p.

R. CHADWICK

R. Chadwick and Sons (Bury), the family-owned manufacturer of aluminium foil caps and diaphragms for the dairy and other industries, is now part of the Thornville Industrial Group.

The acquisition was made by Thornville, a Cheltenham-based group of companies, in order to expand its range of aluminium interests

SHARE STAKES

Hollis Bros. and ESA—ITC Pension Trust has acquired £121,402 ordinary (5.36 per cent).

Chambers and Fargus—Mr. Harvey Michael Ross reduced his holding by 170,000 shares to 330,500 (3.25 per cent).

Whiteley calls in receiver

B. S. and W. Whiteley, the loss making electrical insulating pressboard manufacturer, has called in the receiver because of the group's "serious adverse financial position."

The shares in this West Yorkshire-based company were suspended on Tuesday at 5p.

The company, which made pre-tax losses of £266,296 in the first half of the current year, announced yesterday that it had informed the trustees of the 6 per cent debenture stock 1984/89 (£523,791 in issue) of the company's position. The last balance sheet at March 31, 1980, showed other begt of £1¼m.

Ariel down sharply at halftime

TAXABLE PROFITS of Ariel Industries have slumped from £420,200 to £56,200 for the six months to September 30, 1980, on lower turnover of £3.56m, compared with £3.95m.

The interim dividend of this manufacturer of industrial fasteners and light engineering products is being halved from 1.082p to 0.541p net and it is anticipated that the total payment will be not less than 50 per cent of the previous year's 2.704p, paid from £1m pre-tax profits.

No tax is payable for the half year, against a £49,000 charge last time, and earnings per 25p share emerged down from 6.2p to 0.9p.

Burroughs Machines at £20.9m

Pre-tax profits of Burroughs Machines, the UK subsidiary of Burroughs Corporation of the U.S., dropped back 22 per cent from £26.42m to £20.86m for the year to November 30, 1980, after a 79 per cent increase in profit in 1979.

After tax charges of £2.91m (£1.49m), the data recording, processing and computing machine maker returned net profits of £17.96m (£24.93m). On sales up from £135.78m to £148.02m. The figures include exchange gains of £1.55m (£1.87m) caused by the appreciation of sterling.

Exports of mini-computers, terminals and peripherals totalled £51m for the year.

ST. JAMES'S ADVERTISING

On March 2 St. James's Advertising and Publishing is changing its name to St. James's Corporate Communications and moving to 4-7 Red Lion Court, London, EC4A 3EB. Telephone: 01-583 2525; telex: 883934.

AI Industrial losses at £0.9m

A SHARP reduction in demand and the high cost of redundancies left AI Industrial Products, the technical ceramic and metal products group, with greatly increased losses up from £115,000 to £907,000 for the year ended December 31, 1980. The board is paying a 0.01p dividend in order to maintain the Trustee status of the group. The last divided paid was 0.85p interim in 1979

In their statement, the directors warn that a loss for the first half of the current year is unavoidable. However, they add that a modest upturn in sales volume during the second half would be sufficient to generate a profit.

Turnover for 1980 was marginally up at £19.4m (£19.26m), but group trading surplus dropped from £807,000 to £299,000. Depreciation costs rose to £478,000 (£409,000) and interest charges were up from £513,000 to £728,000. The net loss per 25p share was 9.6p (0.7p).

There was a tax charge of £9,000 against a £59,000 credit last time. Costs and losses incurred as a consequence of the disposal of the Stone high tension works and the Mason and Burns division, shown as an extarordinary item, amounted to £968,000, reduced by £78,000 by a profit dispersal of freehold properties.

Despite these losses, the directors report that the group will emerge from the current recession a much slimmer and more efficient entity, able to make profitable use of any increase in activity.

Sales of the High Tension division boosted the group's direct export turnover, but margins remained under pressure due to the strength of sterling.

The Low Tension division continues to operate with considerable short-time working and the depressed market for refractory products is causing concern, the directors state.

Technical Ceramics, apart from ceramic threadguides, fared better due to reasonable demand. Numbers at the Ruabon plant were reduced by 16 per cent over the year.

Despite sufficient demand at the beginning of the year, the last quarter at Blakey's Malleable Castings, now equipped with additional highly mechanised foundry plant, has been very depressed.

Bullers Engineering operated at a reduced loss during the second half and now has a much more satisfactory order book than at any time during 1980.

Group current cost loss before taxation was £1.7m for the year. The secured bank overdraft increased to £1.7m (£1.5m) and shareholders funds dropped back from £8.98m to £7.5m. If the proposed sale of the Mason and Burns division is approved, shareholders' funds will be £7.2m.

● comment

AI is a very sick patient. The group made 532 workers redundant last year, saw 16 per cent of its net worth eaten up by attributable losses, will probably lose £400,000 in the first half of the current year and may just break even in the second half, resulting in a full year loss of up to £½m. Its gearing is above 50 per cent, its order book is severely depressed (about three months worth of work at a value of around £4m) and its low tension division has been on a three-day week for three months. On a current cost accounting basis the company's attributable losses amounted to £2.9m. Further, despite sell-offs, trimming and factory closures, AI still has not yet reached the bottom of the trough, but the company believes it can weather the storm over the current year. With steady deterioration of company profits since 1976, it is very hard to be optimistic about AI. On the other hand, the directors intend to fight on with tight money management and think they can produce a lean animal at the end of the recession—this goal does not seem impossible. A price of 16p against book assets of 69p has the position summed up.

UK setback for Albright

A DETERIORATION in the performance of its UK side meant second-half pre-tax losses of £6.15m, against £9.21m profits, for Albright and Wilson, the wholly-owned subsidiary of Tenneco Inc. of the U.S. As a result, the taxable surplus for the year ended December 29, 1980, showed a sharp reduction from £18.96m to £2.87m, despite higher sales of £412.34m, compared with £385.72m.

Operating profits for 1980 dropped from £23.92m to £13.76m, while interest charges more than doubled to £10.89m (£4.96m), reflecting increased interest rates and higher borrowings.

With tax taking £4.62m (£3.33m) and minorities £0.48m (£0.32m), the company, which makes chemicals and allied products, was left with an attributable deficit of £2.23m (£15.31m profits).

This was before extraordinary losses of £3.08m (£2.32m) which were mainly a decrease in the sterling value of overseas fixed assets, less long-term liabilities.

The principal cause of the downturn was the deep recession in the UK, exacerbated by the strong pound. Volume of sales in the home market fell and although export volume increased, profitability was severely eroded.

Overseas activities, however, maintained their contribution, despite the adverse effect of the strong pound in converting the figures. There was a charge against profit of £2.6m (£1.6m) for the reduction in sterling value of overseas net current assets.

Numbers employed were reduced during 1980, mainly in the UK, but the resulting reduction in costs applied for only part of the year and was greatly outweighed by the cost of severance payments.

Increases in selling prices were insufficient to cover the rate of inflation in costs, particularly in wages and salaries.

BTR Hopkins climbs 183%

A substantial increase in 1980 sales and profits is reported by BTR Hopkins, the Australian-quoted 68.6 per cent subsidiary of BTR Australia.

Sales for the year jumped 117 per cent to A$80.08m ($36.97m) while pre-tax profits leapt 183 per cent from $2.86m to $8.09m.

Net profits climbed from $2.02m to $5.89m and in spite of a sharp rise in the number of shares in issue, earnings per share were ahead to 32.7 cents (28.2 cents).

The final dividend is 10 per cent (9 per cent) raising the total from 17 per cent to 20 per cent. A one-for-five scrip issue is also proposed and the board expects to maintain the annual payment on the increased capital.

The directors anticipate that continuing growth from established businesses, together with additional benefits accruing from acquisitions made in 1980 and early 1981, should yield increases in sales and profits

Static six months for Gripperrods

Despite a rise in turnover from £6.97m to £8.5m taxable profits of Gripperrods Holdings remained static at £552,672, compared with £557,745, in the six months to October 31, 1980.

The interim dividend is again 1.575p net—last year a total of 5.25p was paid from pre-tax profits of £1.33m.

After tax of £287,390 (£290,027) earnings per 10p share are given as 10.6p (10.7p).

The group, based in London, makes and markets carpet underlay and laying fittings. It is also in the double glazing and home improvements businesses.

BRITISH ASSETS

A loan of $16m has been repaid by British Assets Trust, an investment trust. The company is paying an interim dividend of 0.95p (0.8p) net in respect of the current year ending September 30, 1981. Payments last time totalled 3.5p.

Romai Tea improves to £486,000

TAXABLE profits of Romai Tea Holdings improved in the 12 months to end-June, 1980, from £345,432 to £486,099 despite a setback in turnover to £2.43m, compared with £2.93m.

However, after a much higher tax charge of £314,205 (£155,561), the net balance slipped from £183,671 to £171,894, with the attributable profit coming through at £149,606 (£170,138).

As predicted, the dividend is a same-again 22.5p net and stated earnings per £1 share were 45.36p (48.82p).

Scottish Inv. slips first quarter

GROSS INCOME of the Scottish Investment Trust fell slightly from £2.01m to £1.98m, for the first three months of the current year, and pre-tax revenue finished the period to January 31, 1981, just behind at £1.68m against £1.7m.

For the whole of the previous year the Trust paid a 4.3p net dividend from pre-tax revenue of £6.4m (£5.84m).

Net asset value per 25p share is given as 165.6p (169.3p) as at January 31, and total outstanding foreign currency borrowings were the equivalent of U.S.$35.2m at that date ($37.8m at October 31, 1980).

Thos. French demand up

Mr. J. T. French, chairman of Thomas French and Sons, told the annual meeting that overall demand was running ahead of the expectations although some sectors of the business were doing better than others. The overseas companies remained busy.

French makes rufflette curtain styling products and K Tel electrical heating equipment.

Decline at Tace

A sharp deterioration in demand in the second half left pre-tax profits at Tace, the electrical and mechanical control equipment manufacturer, down from £531,000 to £301,000 for the year ended September 30, 1980. The directors are omitting a final dividend leaving 0.85p for the year against 2p last time.

Turnover was up to £15.29m (£14.87m) but net interest charges also rose from £484,000 to £620,000.

After taxation of £114,000 (credit £35,000) and minorities of £34,000 (£63,000), attributable profits fell from £503,000 to £153,000. Retained profits of £281,000 last time turned into a loss of £62,000. Earnings per 10p share were 2.42p (7.97p).

LONDON TRADED OPTIONS

(Feb. 26 Total contracts 1862)

Option	Ex'rcise price	April Closing offer	Vol.	July Closing offer	Vol.	Oct. Closing offer	Vol.	Equity close
BP	330	72	3	—	—	—	—	410p
BP	390	32	—	48	3	60	1	"
BP	420	20	44	34	—	44	—	"
BP	460	7	1	19	1	—	—	"
Com. Union	140	20	19	24	3	30	2	154p
Com. Union	160	7	11	11	40	15	—	"
Com. Union	180	1	—	4	20	—	—	"
Cons. Gold	420	55	3	68	—	80	—	455p
Cons. Gold	460	35	12	48	—	60	—	"
Cons. Gold	488	17	20	—	—	—	—	"
Cons. Gold	500	—	—	25	10	42	—	"
Cons. Gold	550	—	—	13	4	17	—	"
Cons. Gold	588	4	55	7	30	—	—	"
Cons. Gold	638	2	1	3	—	—	—	"
Courtaulds	50	12½	—	13	4	17	—	61p
Courtaulds	60	5	10	7½	—	9½	12	"
GEC	600	58	25	88	1	113	1	643p
GEC	650	25	6	50	—	80	—	"
Grand Met.	140	39	36	45	—	48	—	176p
Grand Met.	160	19½	70	27	2	31	—	"
Grand Met.	180	7	33	12½	1	17½	—	"
ICI	280	12	301	25	2	32	11	270p
ICI	300	5	108	17	2	20	—	"
ICI	330	2½	115	9	10	—	—	"
ICI	360	1	24	4	1	—	—	"
Land Secs.	420	8	10	21	—	33	—	395p
Marks & Sp.	100	26	5	30	—	—	—	124p
Marks & Sp.	110	16½	—	21	7	26	—	"
Marks & Sp.	120	7½	20	13	—	19	—	"
Marks & Sp.	130	3½	23	7½	—	12	—	"
Shell	390	40	25	54	—	70	—	420p
Shell	420	22	40	34	1	48	—	"
Shell	460	7	—	20	10	30	—	"
Totals			1,021		152		37	
		May		August		November		
Barclays B'k	460	7	1	17	—	—	—	398p
Imperial Gp.	70	10	48	12½	—	13	16	80p
Imperial Gp.	80	2½	75	5	2	6	15	"
Lasmo	600	94	1	124	—	147	—	949p
Lasmo	650	64	14	95	—	112	2	"
Lasmo	700	40	4	67	1	87	2	"
Lasmo	750	18	5	42	—	—	—	"
Lasmo	800	8	5	24	1	—	—	"
Lonrho	90	17	5	19	—	22	—	101p
Lonrho	100	9½	68	12½	190	15	—	"
Lonrho	110	5	3	7½	—	11	100	"
Lonrho	120	2½	7	4½	—	—	—	"
P. & O.	120	12½	8	16	—	20½	—	126p
P. & O.	130	6½	15	9½	—	14	—	"
Racal Elec.	330	51	5	64	—	75	—	365p
Racal Elec.	360	29	15	45	1	57	2	"
Racal Elec.	390	12	5	27	—	43	1	"
RTZ	390	48	1	60	—	80	—	421p
RTZ	414	32	15	—	—	—	—	"
RTZ	420	—	—	43	—	60	4	"
RTZ	454	18	13	—	—	—	—	"
RTZ	460	—	—	27	2	—	—	"
Totals			313		197		142	

Sharp rise in first-half profits at Anglo-Vaal

BY GEORGE MILLING-STANLEY

A RISE of more than one-third in first-half profits of Anglo-Transvaal Consolidated Investment (Anglo-Vaal), the South African mining finance house, should help the group to top the record net profits achieved in the year to June 30, 1980, of R38m (£22m).

For the six months to December 31, Anglo-Vaal has turned in net profits of R22.77m, a 36 per cent advance on the comparable period.

Earnings came out at 537 cents against 394 cents, and the interim dividend is raised to 75 cents from 50 cents. Anglo-Vaal went on to pay a total of 230 cents in the last full year.

Mr. Basil Hersov, chairman, said yesterday that the group's mining investments contributed substantially more during the half-year than in the previous comparable period, and full-year income from this source is expected to be higher than in 1979-80.

Anglo-Vaal also has substantial industrial interests, held through the Anglo-Transvaal Industries subsidiary. All of the principal industrial companies contributed to the overall improvement in group profits during the period, and the acquisition of controlling interests in Bakers South Africa and Grinaker Holdings can be expected to boost the contribution of the industrial side during the second half.

In his annual statement on the last full year, Mr. Hersov said that the outlook for the current year was favourable, given reasonable strength in gold and commodity prices, and all group companies were budgeting for higher profits.

The market value of the group's listed investments at the halfway stage was R367.63m, a sharp advance on the R211.68m at the same stage of 1979-80.

Anglo-Vaal shares put on £1 to £18 in London yesterday in front of the results.

Anglo-Transvaal Industries results, Page 29

Tavistock coal deal

THE TERMS of an agreement to operate a joint coal export scheme from South Africa were finalised yesterday between Tavistock Collieries, the coal mining arm of the Johannesburg Consolidated Investment (JCI) group, and Total Exploration South Africa (TESA), a subsidiary of the French oil company, reports Quentin Peel from Johannesburg.

The agreement will give the two companies equal shares in coal exports amounting to 37.5m tons over approximately 30 years. Tavistock has sold TESA a 50 per cent interest in coal rights on the farm Blesbokfontein, the Arthur Taylor section of the Tavistock mine, for R5m (£2.87m), payable over two years, and a 50 per cent share in mining facilities on the farm for a further R7.7m.

Tavistock said that the new operation will require additional investment costing some R15m, to be shared equally.

Exports are planned to start in 1983, through the Richards Bay coal terminal on South Africa's east coast, although some coal will be sold on the domestic market in the first two years of operation.

The deal will give Total access to coal reserves which it does not have, while giving Tavistock a share of Total's export quota. JCI has been one of the companies most critical of the Government decision to grant several of the oil multinationals coal export quotas, and restrict those available to existing collieries.

In his last annual report, Mr. P. F. Retief, the chairman and chief executive of Tavistock, said that the company had a capacity of 5.4m tons a year, but had a maximum share of 4m tons in the sales of the Transvaal Coal Owners' Association.

Gold lifts Lonrho's mining income

THE CONTRIBUTION of the mining division to pre-tax profits of the Lonrho group in the year to September 30, 1980, more than doubled to £63m from £26m, according to the group's latest annual report. This amounts to almost half of the total group profit of £151.69m before tax and central finance charges.

The main reason for the sharp rise was the much higher average price received for gold. The group's principal interest in gold mining is the 45 per cent stake in the famous Ashanti Goldfields in Ghana.

Gold remains the principal target of the group's mining exploration activity, with several deposits being studied at present. In addition, the group's 88 per cent-owned Dulker Exploration will have a 36 per cent stake in Eastern Gold Holdings, the new company which is being set up to develop the Erfdeel-Dankbaarheid area in the Orange Free State in South Africa.

During the period under review, the group's 50.4 per cent-owned Western Platinum in South Africa raised production of platinum group metals by 6 per cent to 131,000 ounces. Production from the higher grade UG2 reef, which should add 110,000 ounces to annual output, is expected to start next year, increasing profits by around £10m a year at current prices.

Meekatharra

AUSTRALIA'S Meekatharra Minerals has been told by the South Australian Minister of Mines and Energy that its references to 2.4bn tonnes of "assumed reserves" at the Arckaringa Basin coal prospect cannot be sustained on available data.

The Minister, Mr. Roger Goldsworthy, told the state parliament that until further drilling and sampling has been carried out to define coal seams so far discovered by widely spaced exploration drilling, the deposits should be referred to as having "large inferred reserves."

Meekatharra shares were suspended in Perth earlier this month after queries from the South Australian Government as to the criteria used by the company's geologists in estimating reserves.

New assets of $807m for Minorco

BY KENNETH MARSTON, MINING EDITOR

THE Bermuda-registered Minerals and Resources Corporation (Minorco) is to receive the 28.9 per cent holding in Consolidated Gold Fields of the South African Anglo American-De Beers group as the major part of a proposed new injection of assets worth $807m (£362m).

In addition, Minorco is to receive Anglo's holding of 35.8 per cent of Charter Consolidated and the remaining 50 per cent of Anglo American Corporation of Canada which owns 44.8 per cent of Hudson Bay Mining and Smelting. The latter holding will come from Anglo, De Beers and Charter in varying proportions.

Minorco will pay for these investments by issuing shares and for this purpose its capital is to be raised by 59.4 per cent to some 159m issued shares. The subsequent issues of Minorco shares will have the effect of raising Anglo's holding in the enlarged company to 42 per cent from 32 per cent.

De Beers' holding of Minorco will go up to 23.5 per cent from 16 per cent, but that of Charter will be reduced to just under 10 per cent from 14.7 per cent.

Mr. Harry Oppenheimer, the Anglo group chairman, reiterated yesterday that his group has no intention of increasing its stake in Gold Fields beyond 30 per cent. Basically, the move is to reinforce Minorco's position as an international mining group and as a self-financing vehicle for the group's expansion outside South Africa.

It will lift the market value of Minorco's assets to $1.92bn, or $12.05 per share on the increased capital.

For the half year to December 31, Minorco has earnings of $84.5m, or 85 cents per share on the present capital, from $87.8m in the same period of 1979. The 1979-80 total was $114.8m. The latest interim dividend is raised to 6 cents from 4 cents last time, when a final of 18 cents followed.

A vehicle to carry Anglo farther afield

Minerals and Resources Corporation, or Minorco as it is generally known, was formerly Zambian Anglo American which began life in 1928 as Rhodesian Anglo American, the holding company for the Anglo American Corporation of South Africa group's copper and lead-zinc mines in what was then the Northern Rhodesian copperbelt.

Northern Rhodesia achieved independence in 1964 and five years later the Government of the new Zambia acquired a 51 per cent stake in the country's mines. In 1970 Zambian Anglo American moved its domicile to Bermuda and in 1974 changed its name to Minorco.

Minorco retained its Zambian copper interests but embarked on a new career as a major international resource company with net assets of $410m. These included an increased holding in America's Engelhard Minerals and Chemicals precious metals refining, base metal marketing and chemical group.

In the year to June 30, 1974, Minorco's earnings jumped 53 per cent to $29.6m, but that level was not to be matched for five years. In the intervening years profits followed a chequered course and in 1975-76 the company omitted its interim dividend.

After the 1974 boom, copper and other base metal prices retreated; some $22m was invested in the ill-fated Tenke-Fungurume copper project in Zaire; and $47m was written off the book value of the investment in Trend International following the latter's oil-sharing agreement with the Indonesian Government.

From 1977 onwards, however, Minorco's fortunes took a turn for the better and earnings for the year to June 1979 reached $94.4m. The group's second reorganisation followed later that year as part of the major restructuring of Charter Consolidated.

This gave Minorco 10 per cent of the diamond holding company Anglo American Investment Trust (Anamint), 18.7 per cent of Anglo American Corporation of Canada (Amcan) which holds 44.8 per cent of Hudson Bay Mining and Smelting, and £5.9m in cash. In return, Charter Consolidated received shares in Minorco which were passed on to Charter shareholders; Charter still had a holding of 14.7 per cent of Minorco.

Prior to the latest proposals, Minorco's major holdings were: 27.3 per cent of Engelhard, 10 per cent of Anamint, 43.15 per cent of Trend, 50 per cent of America's Inspiration Copper, 50 per cent of Amcan and just under 50 per cent of Zambia Copper Investments which holds 40 per cent of the Nchanga and 10 per cent of the Roan Consolidated Mines Zambian copper concerns.

These holdings resulted in Minorco's net profit advancing to $114.8m in the year to last June and further to $84.5m in the first half of the current year. Now they are to be augmented by a stake of 28.9 per cent in London's Consolidated Gold Fields, 35.8 per cent in Charter and the remaining 50 per cent of Amcan.

In return Minorco itself will be firmly controlled by Anglo American and De Beers with a joint holding of 66 per cent. Charter's holding in the enlarged Minorco will fall to just under 10 per cent.

The build-up of Minorco is designed to create a major vehicle for new acquisitions in the mineral and natural resources field for the Anglo group outside South Africa. As Quentin Peel reports from Johannesburg, Anglo has its eyes on opportunities particularly in North America, although there are no firm plans as yet.

He also makes the point that only a small proportion of the future profits will be paid out in dividends, thus leaving the group well placed to finance expansion.

Anglo's Mr. Harry Oppenheimer pointed out, "we want this company to be big enough and powerful enough to . . . finance itself so that it isn't a question, when you want to do international business, of always having to export money from South Africa."

Now having assets of nearly $2bn, little debt and heading for an expansion in earnings this year, Minorco has the chance finally to become a force to be reckoned with in the world

INTERNATIONAL COMPANIES and FINANCE

Massey's $81.4m loss slightly less than forecast

BY IAN HARGREAVES IN NEW YORK

MASSEY - FERGUSON, the Canadian farm machinery company rescued from disaster this year by government support, yesterday reported a slightly lower than expected first quarter loss of US$81.4m.

The company also produced evidence of strong sales in some of its markets in the developing world, although its North American business is still in the pit of depression.

North American sales in the quarter were 68.7 per cent lower than the year earlier quarter at $84.8m, although this situation was made much worse by Massey's decision to close most of its manufacturing facilities in North America for a long period in order to conserve cash.

In Europe sales at $162.8m were down by 36.1 per cent. Latin American sales were 8.8 per cent higher at $114.2m and sales in Asia, Africa and Australasia more than doubled to $170.7m.

By sector, Massey's engine business—the Perkins engine company based in England—increased sales fractionally to $125.8m. Farm and industrial machinery sales, however, were down by 30.8 per cent to $401.8m.

In aggregate, the quarter produced sales of $531.6m, a decrease of 25.2 per cent, and a net loss of $81.4m compared with a loss of $12.6m in the first quarter last year.

An operating loss of $101.9m in the latest quarter was reduced by a $20.5m exchange gain.

Mr. Victor Rice, chairman, said the company was still expecting improvements in demand and, following its C$730m (U.S.$610m) financial restructuring, was in "an excellent position to take advantage of a more buoyant market."

He claimed that the company had come through its period of financial crisis without loss of market share

Westinghouse, Kerr-McGee in uranium pact

By Paul Cheeseright

THE BILLION dollar anti-trust litigation started by Westinghouse Electric against U.S. and foreign uranium producers moved a stage further towards settlement yesterday when Westinghouse announced an agreement in principle to settle out of court with Kerr-McGee.

Details of the settlement, which now goes to the Boards of the two groups, have not been disclosed, but on the basis of previous out of court agreements may involve a cash payment to Westinghouse by Kerr-McGee offset by Kerr-McGee participation in Westinghouse uranium supply contracts.

Such agreements have whittled down the number of defendants in Westinghouse's case, brought in a Chicago court, from 29 to 22. Westinghouse has charged that the defendants, by operating a cartel outside the U.S. deprived it of supplies at equitable prices, between 1972 and 1975.

Ford to spend BFr 10bn updating Belgian plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD is to spend BFr 10bn ($286m) over the next two years to modernise its assembly plant at Genk in east Belgium.

The announcement will help calm fears in Belgium about the country's future as a car manufacturer.

These developed following the closure this year of the Brussels Forest Citroen plant, with the loss of 1,000 jobs, and the BL facilities at Seneffe, costing 2,200 jobs.

But earlier this month Renault of France said it would spend BFr 1bn ($28.6m) on a new steel-pressing plant at its Vilvorde car factory.

Renault had previously issued a veiled threat that it might reconsider its future in Belgium if no steps were taken by the Government to curb sales of Japanese cars there.

Ford's announcement yesterday resulted from strong pressure for it to make its position clear. The group invested BFr 3.5bn ($100m) over the period 1977-80 at the Genk facilities.

The Belgian plant is actually part of Ford of Germany and it produces the Taunus car, a few Cortinas—sister to the Taunus—for the UK and Ireland and the Transit van for Continental sales.

Much of the investment will go on updating Genk to produce the replacement Taunus/Cortina, code-named the Toni and due for launching in September, 1982.

As a result, Ford said it did not foresee any increase in the 11,000 workforce.

In 1979 Genk produced a record 314,000 vehicles but last year short-time working began in June and has continued ever since. Output was probably at least 20 per cent down in 1980.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11.

Closing prices on February 26

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 11 88	75	94¼	94¾	−0⅛	0	14.55
CECA 11 88	100	87⅞	88¼	0	+0½	14.24
CNE 12 91	100	90⅞	91⅛	−0⅛	−0¼	14.48
Citicorp O/S Fin. 10 86	300	84⅝	85⅛	−0⅛	+0⅞	14.10
Citicorp O/S Fin. 12 87	200	90⅜	90⅝	+0⅛	+1½	14.23
Con. Illinois O/S 9¾ 86	150	83⅛	83⅝	−0⅛	+0⅝	14.37
Denmark 11¾ 90	100	85⅛	85⅝	−0⅛	−0⅛	14.71
Dupont Canada 13½ 91	65	94¾	95¼	−0⅛	−0⅛	14.47
EEC 1985 (May)	75	80⅜	80⅞	+0⅛	+0⅛	14.25
EEC 1985 (August)	70	78⅜	79	−0⅝	0	14.60
EIB 13 90	100	96⅜	96⅞	−0⅛	+0⅜	14.40
Exportfinans 9½ 87	75	81⅞	82¼	−0⅛	0	13.93
Elec. de France 10 88	125	81⅞	82⅜	−0⅛	+0⅛	14.08
Elec. de France 13 88	125	94⅞	94⅞	−0⅛	−0⅛	14.26
Expl. Dv. Cpn. 12⅝ 87	100	93⅝	93⅞	−0⅛	−0⅛	14.35
Expl. Dv. Cpn. 9½ 86	150	83⅝	84⅛	0	+0⅛	14.29
Fin. Exp. Credit 10⅛ 85	50	87⅛	87⅝	−0⅛	+0⅛	14.57
Finland, Rep. of 9½ 86	100	81⅛	82⅛	−0⅛	−0⅛	14.84
Ford Credit O/S 14⅛ 83	150	97⅛	97⅝	0	+0⅛	15.66
Ford Cr. O/S Fin. 16 84	150	102⅛	102⅝	+0⅛	+0⅛	14.88
Gaz de France 13½ 86	80	97⅛	97⅝	0	+0⅛	14.18
GMAC O/S Fin. 12 87	100	88⅜	88⅞	−0⅛	+0⅛	14.83

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98⅛	0	0	9.82
Algemene Bk. 10⅛ 86 Fl	60	96½	97	−0⅛	−1⅛	11.13
Bk. Mees & H. 10 85 Fl	75	88⅜	89⅛	+0⅛	−0⅛	10.40
Heineken NV 10 87 Fl	100	94⅝	95⅛	−0⅛	−0⅞	11.11
Nat. Nedrlndn. 10 88 Fl	60	93⅛	93⅝	0	−0⅞	11.40
Ned. Midd. Bk. 10 85 Fl	75	97⅞	98⅛	+0⅛	−1⅛	10.50
Pierson 10⅛ 86 Fl	50	97⅛	97⅝	−0½	−1⅛	10.96
Aero Paris 13⅛ 87 FFr	150	94⅝	95½	0	−1	14.37
Charb'nages 13⅞ 85 FFr	400	97⅛	98⅛	−0⅛	−1⅛	14.55
CECA 14⅛ 86 FFr	150	97½	98½	−0⅛	−2	14.81
EIB 14⅛ 88 FFr	300	98⅛	99⅛	0	−0½	14.40
Finland 11 84 FFr	80	89⅛	90⅛	+0⅛	−1⅛	14.78
Gaz de France 11 84 FFr	150	90⅛	91⅛	−0⅛	−1	14.20
La Redoute 14⅛ 85 FFr	125	94⅛	95⅛	−0⅛	−0⅛	15.93
OKB 14 86 FFr	400	98⅛	99⅛	0	−0⅛	14.36
Utd. Mex. Sts. 14 85 FFr	150	96⅛	97⅛	−0⅛	−1⅛	14.89
Acona 14 85 £	20	95	95⅛	−0⅛	+0⅛	15.38
Beneficial 14⅛ 90 £	20	94⅛	94⅞	−0⅛	+0⅛	15.34
BNP 13½ 91 £	15	96⅛	97⅛	−0⅛	+0⅛	14.11
CECA 13½ 88 £	20	96½	97⅛	−0⅛	+0⅛	14.15
Chicorp O/S 13½ 90 £	50	96⅛	97⅛	−0⅛	+1⅛	14.75
Fin. for Ind. 14⅛ 88 £	20	100⅛	100⅞	−0⅛	−0⅛	14.38
Fin. for Ind. 13⅛ 87 £	20	98⅛	99⅛	−0⅛	+0⅛	13.94
Gen. Elec. Co. 12½ 89 £	50	94⅛	94⅞	0	+0⅛	13.66

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Kellogg advances by 14% to record

By Our Financial Staff

CONTINUED growth in profits and sales in the final quarter of 1980 brought record results for the full year for Kellogg, the leader in the breakfast cereals industry. The board is confident of establishing further records in the current year, for which Wall Street analysts have already predicted earnings of about $2.70 a share.

In the year to December last, earnings gained 14 per cent to $184.8m, or $2.42 a share, with sales surging ahead by 16 per cent to $2.15bn. In the final quarter, earnings added 19 per cent and sales 15 per cent, compared with nine month gains of 13 per cent and 17 per cent respectively.

Kellogg, still the dominating force in the U.S. ready-to-eat cereal market with a 45 per cent share, now takes slightly more than one quarter of total profits from Canada and the rest of the world. The board commented that it planned to increase capital spending this year to more than $150m, compared with last year's total of $123m.

Last year's peak results make the 28th consecutive year of record figures from the company, which continues to hold a strong position in its field. Growth in cereal foods has seemed sluggish in the past few years, however, and Kellogg has diversified into pastries, salad dressings and similar food products.

● A specialty food retailer, General Host, is trying to sell a substantial part of its subsidiary Cudahy Foods. It has established a loss provision of $28.5m for the estimated cost of the sale but hopes to recoup about $20m from asset disposals and tax losses.

For 1980, General Host moved earnings up from $9.7m to $11.4m, or $4.00 a share, on sales of $424.7m against $350.4m. The board said that the Cudahy divisions up for sale suffered an operating loss of $2.5m in 1980 on sales of $408m.

General Host has pursued a policy of divesting itself of low-margin businesses and concentrating on its specialty food chains which operate in convenience stores.

Fourth quarter loss at Textron

By Ian Hargreaves in New York

TEXTRON, the conglomerate which includes Bell Helicopter, posted a $31.4m loss in the final quarter of 1980 because of a provision made to cover losses on the sale of three subsidiaries.

In the fourth quarter Textron's operating net profits were $46.6m on sales of $872m, compared with income of $43.1m on sales of $802.9m in 1979.

For the year, Textron had net profits of $86.1m on sales of $3.4bn, compared with $169.8m on sales of $3.09bn.

Textron said its strongest growth had been in helicopters, bearings and machine tools. There was also a significant increase in interest costs.

More Mobil aid for Ward

By David Lascelles in New York

MOBIL, the oil company, yesterday advanced a further $55m in interest free loans to Montgomery Ward, its hard-pressed retailing subsidiary, bringing the total of such publicly announced loans over the past year to $355m.

Mobil said the loan was designed to help Montgomery Ward over the current period of high inflation, recession and high interest rates, which have cut into Ward's performance.

The latest loan completes Mobil's aid for the 1980 period. But a Mobil spokesman said yesterday that the company had a continuing commitment to help Ward, though the size of future loans would be linked to Ward's performance.

Mobil acquired Ward during its diversification phase in the 1970's but has not been able to turn it into a consistent profit maker. After announcing heavy losses last year, Ward is in the process of shaking up its top management and revising its corporate strategy.

Strong gain for Dome

By Robert Gibbens in Montreal

DOME PETROLEUM, now the largest publicly-owned energy company in Canada, pushed earnings ahead last year from C$173.8m to C$266.2m (US$237.7m) or C$1.14 a share. Sales jumped from C$945m to C$1.14bn.

Dome disclosed this week that it intends to import Japanese technology for use in a major shipyard it plans on Canada's west coast.

ITALIAN LOAN LIKELY TO BE HALVED

Earthquake credit meets resistance

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE REALISATION that the $2bn credit for Italy's Cassa per il Mezzogiorno will almost certainly have to be cut in half means a considerable loss of face for the country's Treasury and for Bankers Trust which is arranging the deal.

More important, however, the fate of the credit illustrates clearly the resistance developing in the Euromarkets to borrowers who are trying to arrange credits on very fine terms.

Margins of less than ½ point became the norm last year for top-rated industrial country borrowers. Yet Italy's experience with the $2bn credit intended for earthquake reconstruction in the South could eventually be regarded as a significant milestone in a market that has been characterised for about two years by a cyclical decline in spreads.

The story of the loan began with the earthquake that ravaged the Naples region last November. It was immediately clear that reconstruction would cost a huge amount.

By borrowing abroad for this purpose, Italy also saw a chance of helping to cover the yawning gap in its current account balance of payments, which last year notched up a deficit of about L8,500bn ($8bn).

Initial talks were held with a number of investment banks including Salomon Brothers, N. M. Rothschild and Dillon Read. But they faltered because these banks, which would have acted simply as brokers—for a fee—in arranging the loan, were not themselves able to underwrite such large amounts.

When Bankers Trust presented an offer to the Italian Treasury the situation was different. It was a bank which could take on a substantial underwriting commitment of its own and, moreover, it had excellent credentials, having arranged a runaway success loan for the Italian electric utility ENEL last year.

That loan started out at a mere $300m, but demand was so heavy that when syndication closed no less than $750m had been raised.

But in awarding the mandate for the $2bn Cassa per il Mezzogiorno loan exclusively to Bankers Trust, the Italian Treasury seriously misread the market.

It failed to realise that such a large loan cannot normally be raised by a single bank. "With an operation this size, all hands should be called to the pump," said one international banker.

Moreover, the market expected the group to include at least one Italian institution. Many Italian banks were severely disappointed to have been left out.

Retail participation, which is essential for a loan of this size, was also unlikely to be forthcoming to any large degree. Smaller banks, which unlike their larger international brethren, do not have political reasons for cultivating borrowers and cannot generate the same fee income from their Euromarket operations, now have very little appetite for paper yielding less than ½ per cent.

The arrangement whereby Bankers Trust, as sole mandated bank, would be able to collect a special $1m fee for assembling the credit also ran into opposition. Last week Bankers Trust promised to share its fee with other banks which agreed to come in as lead managers. Yet there was still no rush to participate.

Bankers Trust's tactics in connection with the fee have left a bitter aftertaste in many sections of the market.

The basic problem with the Italian credit has been that with a low sell-down, lead managers could be left with a substantial portion of their underwriting commitment on their own books.

The market's reluctance to accept the credit on the Italian authorities' terms may also be a clear warning to other potential borrowers who might be thinking of arranging jumbo Eurocredits on very fine terms.

In Italy's case, the problem was compounded by market suspicions that the country might continue to borrow heavily after the credit was signed. Last year it raised no less than $6.53bn in the Eurocredit markets, compared with only $3.71bn in 1979.

In the past, Italian borrowers have sometimes flooded the market with several credits competing simultaneously for bankers' attention.

Continued heavy Italian borrowing this year is by no means a foregone conclusion—Bankers Trust itself was arguing last week that very little remained to be done in 1981 after the £2bn credit was completed.

But some banks do expect to see a sizeable volume of Italian paper on the market later this year. Following the resistance to the Cassa credit, they believe that it will be offered on more favourable terms to lenders.

Italy should be able to borrow $1bn for the Cassa per il Mezzogiorno on the terms agreed. Yet one outcome seems inevitable. Italy will not be able to borrow on those terms again, at least for the foreseeable future.

Bank of America takeover approved by Argentina

BY JOSEPH MANN IN CARACAS

THE Central Bank of Argentina has approved Bank of America's bid to take over Banco Internacional in Buenos Aires for $150m.

Bank of America's takeover of the Argentine Institution, the 13th largest bank in Argentina, ranks as one of the largest takeovers made by a foreign bank in Latin America.

The purchase of Banco Internacional, which should be finalised in the next two to three weeks, gives Bank of America control of Banco Internacional's 60 branches, with $300m in deposits and a loan portfolio of $167m. By acquiring Banco Internacional, Bank of America will become the largest foreign bank in Argentina in terms of branch operations, surpassing Bank of London and South America (Bolsa), Citibank and Chase Manhattan.

Banco Internacional forms part of the Sasetru group, a financial and food processing conglomerate which has been declared bankrupt with debts of around $1.4bn.

Argentina's central bank intervened in Banco Internacional last year and put the institution up for sale after removing hundreds of millions of dollars in bad loans from its portfolio. The sale of Banco Internacional is part of a programme by the Government of General Jorge Videla to "rationalise" the country's economy by selling or liquidating deficit-ridden Government or private sector institutions in an effort to make the economy competitive.

Although 16 banks participated in the pre-tender stage of Banco Internacional's takeover, only three banks—Bank of America, Banco de Chile and Banco del Oeste in Argentina—actually placed bids.

Credit Lyonnais of France in December purchased another Argentine financial institution, Banco Tournquist, with 33 branches, for a price of between $50m and $60m.

Bank of America, the world's largest commercial bank, already has seven branches in Argentina. The bank is investing in Argentina because "We see the Argentina economy as one of the best equipped in the world to face the uncertainties of the 1980s," said Mr. William W. Wilson, Bank of America's senior vice president at its Latin American operations in Caracas.

Mr. Wilson said he was confident that the purchase of Banco Internacional was sound.

World Bank to issue Fl 200m Eurobond

BY FRANCIS GHILES

IN A departure from its traditional borrowing practices the World Bank is arranging a foreign bond denominated in guilders. It is raising Fl 200m for 10 years with a coupon of 11¼ per cent through Algemene Bank Nederland.

The bank's Treasurer, Mr. Eugene Rotberg, has said on a number of occasions recently that the bank was considering broadening the range of currencies in which it raise funds on international bond markets.

A guilder denominated issue comes at a time when the bank would find it more difficult than usual to raise funds in D-marks which have been, with Swiss Francs, the major borrowing medium in recent years.

Trading in the Eurobond markets continues to run at a very low ebb. Prices of fixed interest dollar bonds slipped ¼ a point yesterday while D-mark foreign bond prices moved up by ¼ point.

Swiss franc issues slipped by half a point yesterday but the continued level of new issue activity underlines the fact that this sector is in better shape than most. Three issues are currently being arranged. City of Montreal is arranging a SwFr 100m private placement for six years which carries a coupon by 7 per cent and is split into three tranches, led respectively by Credit Suisse (SwFr 40m), UBS (SwFr 40m) and Swiss Volksbank.

Nippon Carbon is arranging a $25m private placement to 1986 which carries a coupon of 6¾ per cent through Credit Suisse while Voest Alpine has completed a SwFr 50m five-year issue with a coupon of 7 per cent through the same bank.

Cedel to clear petrobonds

FROM THE middle of March, Cedel, the Luxembourg-based Eurobond clearing system, will accept to clear or hold Mexican "petrobonds". Five such issues have been arranged since 1977 and the bonds are regularly traded on the Mexican Stock Exchange and offshore, through certain North American and Western European banks and investment banks.

Petrobonds are Mexican domestic securities issued in bearer form

INTERNATIONAL COMPANIES and FINANCE

Bearings operations bring doubled earnings at SKF

BY VICTOR KAYFETZ IN STOCKHOLM

SWEDEN'S SKF group doubled its pre-tax earnings from SKr 475m to SKr 953m ($207m) for 1980 after a sharp improvement in profitability for rolling bearings which outweighed a decline in earnings on steel products and cutting tools.

The board is proposing a rights issue in convertible bonds to raise SKr 270m ($59m) and will raise the dividend for 1980 to SKr 7 per share, from SKr 6. Earnings per share climbed from SKr 14.15 to SKr 27.80.

In 1980 a slight decrease in SKF's deliveries to the motor industry was compensated by a significant volume rise in sales to other manufacturing industries. In rolling bearings, which account for 74 per cent of group sales, a shift toward higher added value together with good capacity utilisation and tight cost control pushed pre-tax profit up from SKr 320m to SKr 829m on a sales rise of only 11 per cent.

Steel division sales increased by 20 per cent to SKr 2.2bn, but earnings declined from SKr 65m to SKr 20m, partly because of last spring's Swedish labour disputes and running-in problems at the reconstructed Hofors mill.

Cutting tool earnings fell from SKr 46m to SKr 38m on sales up 10 per cent to SKr 550m, mainly because of a sluggish home market for its UK tool company and slow exports. Other products increased their aggregate earnings from SKr 44m to SKr 66m on higher sales.

The overall 1980 profit margin was 7.6 per cent against 4.3 per cent on total sales, 13 per cent higher at SKr 12.5bn. During the first half margins were 8.2 per cent, slipping to 7 per cent in the July to December period.

SKF predicts that group sales will increase by only 5-10 per cent in 1981. "The demand situation will probably also press the profit margin somewhat. The decrease, however, is expected to be moderate."

SKF said its markets had been slackening gradually since mid-1980 and the company foresees no recovery this year for passenger cars or other private consumer products. Group orders from capital goods manufacturers will remain satisfactory at least for the first half of 1981, the report predicts.

SKF group investments rose from SKr 407m in 1979 to SKr 492m while year-end liquidity was up from SKr 799m to SKr 945m.

The rights issue is to be made in a new C convertible stock which will be offered on a one-for-five basis to holders of ordinary shares. They will be priced at SKr 75 each.

The new bonds will be convertible into B shares when the dividend on ordinary shares reaches SKr 12 a share, or at the latest, 1991. The funding will lift nominal capital by SKr 180m to SKr 1.08bn.

Olivetti buys stake in U.S. electronics

By James Buxton in Rome

OLIVETTI, the Italian business machine producer, has taken a substantial minority stake in Data Terminal Systems, A U.S. electronics concern. The two companies intend to co-operate in the international marketing of electronic cash registers and point-of-sales terminals.

The deal marks a further step in Olivetti's policy of buying into U.S. high technology companies to gain access to new markets.

Olivetti's investment will include a $10m purchase of newly issued DTS shares and the acquisition of DTS' West German subsidiary. The Italian company will have the option of increasing its investment in DTS up to an agreed amount.

The two companies have also reached an understanding on a long-term marketing and technical plan to enhance the international presence of both companies

For DTS the deal, together with the sale of excess facilities, will reduce bank debt by up to 50 per cent, while it will also acquire knowhow in certain fields.

Sig. Carlo de Benedetti, Olivetti's managing director, said yesterday that the agreement would allow Olivetti to make a powerful entry into point of sale marketing and to get its electronic cash registers distributed in the U.S.

PARIBAS EMPAIN-SCHNEIDER DEAL

A lonely aristocrat steps down

BY DAVID WHITE IN PARIS

THE sale of a stake in the Empain-Schneider group and the stepping down as chairman by Baron Edouard-Jean Empain has answered the questions which have surrounded the leadership of the industrial group since the 1978 kidnapping of the Belgian Baron

"SOME OF my collaborators," said Baron Edouard-Jean Empain three years ago, a haggard figure only just released after a two-month kidnap, "seem to think they could run the group against my wishes instead of in conformity with them. I'm not going to settle for being an adviser. So somebody's got to give way."

Yesterday, it was the Belgian Baron, still only 43 although for 13 years he has been at the head of one of France's largest industrial empires, who finally gave way and pulled out, giving up at the same time both his shareholding in and the chairmanship of Empain-Schneider.

A remote figure, with the looks of a playboy heir but solitary and taciturn, the Baron has finally bowed out after a career which has brought his company into repeated conflicts with the French authorities — most of which he won.

The leadership of Empain-Schneider, a rambling collection of some 150 companies ranging from nuclear reactors to railway equipment, steel to ships, building sites to boilers, machine tools to banking, has been in question ever since Baron Empain emerged in March, 1978, from a harrowing period of captivity during which his captors severed one of his fingers to make him sign ransom letters.

After a time in the U.S., where he fled to escape publicity, he took control of his company again six months later, in September 1978.

His evident bitterness about the manoeuvrings that had been going on in the group during his absence contributed to this lonely image.

He was only 30 when he took over the family holding company, Electrorail and its two-pronged empire.

The Belgian Empain group established itself in France from the turn of the century, when it financed the construction of the Paris underground railway system. Some of its assets were nationalised after the war. But in 1963 the family gained control — to the fury of Gen. de Gaulle, who was President at the time — of the Schneider concern, whose heirless head had died in a yachting accident.

After a long battle over the future of France's nuclear industry, Empain-Schneider's subsidiary Creusot-Loire carried the Government's decision in 1975, shortly after the election of President Giscard d'Estaing, in favour of its Westinghouse-licence pressurised water reactor.

The reactor offshoot, Framatome, in which Westinghouse's share has been progressively bought out by the Government and by Creusot-Loire, has since enjoyed a monopoly in supplying the pressure vessels for France's ambitious nuclear programme.

Before he was 40, Baron Empain was elected to the board of the French employers' federation, the CNPF, the first non-Frenchman to hold such a post.

But his own influence and style of management has always been controversial. Despite its success in the nuclear field (where it also controls the company responsible for France's fast-breeder programme, Novatone), the group has run into a series of problems—in shipbuilding, machine tools and steel.

In total, the group employs 132,000 and has sales amounting to some $7bn.

Its loss-making steel works comes under a restructuring plan for the special steel industry, being drawn up in the aftermath of painful cutbacks in the country's heavy steel sector. A merger involving its shipyards has long been on the cards.

The appointment last November of M. Didier Pineau-Valencienne as Baron Empain's new number two, replacing the chairman's fellow-Belgian, M. Rene Engen, was the first clear sign that the rumours of change were about to be fulfilled.

Baron Edouard-Jean Empain

The main question then was how the new man from the Rhone-Poulenc chemical group (where he moved after spending 16 years with Empain-Schneider) was going to get along with the Baron, who admitted to a French magazine some months ago that he trusted nobody.

With Paribas' entry into the group and Baron Empain's withdrawal, that question has now been lifted.

Foreign exchange and gold boost UBS

BY JOHN WICKS IN ZURICH

PEAK PROFITS and a rights issue to raise SwFr 216m ($114m) were announced yesterday by the Union Bank of Switzerland, one of the big three Swiss commercial banks.

At the net level, profits for 1980 were 15 per cent higher at a record SwFr 334.1m ($176m) helped by a marked rise in income from foreign exchange and gold trading. The dividend is being maintained at 20 per cent.

To strengthen capital resources and meet statutory requirements, the bank plans a one-for-12 rights issue at 200 per cent. The funding consists of a mixture of bearer shares, registered shares and participation certificates.

Including income from bills and money-market paper, total net interest earnings rose by more than SwFr 35m in 1980 to SwFr 673.9m ($354.68m). This improvement, which was above the bank's expectations, resulted from the marked increase in funds employed and from better short-term deposit conditions, which offset the renewed narrowing of margins on medium to long-term lendings.

Elsewhere, commission income rose by 12.9 per cent to SwFr 606.8m ($319.4m) because of its securities trading business and lively operations in the letter-of-credit and guarantee sectors. Income from foreign exchange and precious metals trading jumped by 59 per cent to SwFr 360m ($189.5m).

The balance sheet total again reached a new peak, expanding by 15.1 per cent to SwFr 77.5bn ($40.79bn). Lively inter-bank operations led to an 11.7 per cent rise in the amount due from banks to SwFr 20.3bn. Non-bank deposits showed varying trends, with demand deposits down by 5 per cent to SwFr 8.33bn and time deposits up by 53.6 per cent to SwFr 18.24bn.

The sharp rise in time deposits, attributed to both attractive money-market rates and restraint in medium to long-term investments, was accompanied by a drop from SwFr 12.26bn to SwFr 11.56bn in savings and deposit funds.

On the assets side, funds due from banks went up only 4.7 per cent to SwFr 3.49bn, while loans to customers rose by 20.5 per cent to SwFr 38.3bn.

Fluor unit wins Fl 2.2bn contract

By Charles Batchelor in Amsterdam

FLUOR NEDERLAND had been awarded a contract to carry out a Fl 2.2bn ($950m) construction of a Flexicoker, to convert heavy oil residues to lighter products at Esso Nederland Rotterdam refinery.

Fluor, a subsidiary of the U.S. engineering consultants, Fluor Corporation, will work out the technical details of the new plant, buy materials and supervise the construction work.

The project will take 4½ years to complete. The Flexicoker will have capacity of 59,000 barrels a day and will convert high sulphur residues, which are unsuitable as a feedstock for catalytic cracking, to lighter petroleum products.

This investment reflects Esso's belief that the fuel oil share in total European demand for oil products will fall sharply over the next 20 years while naphtha and motor fuels will constitute a larger share of total demand.

The Flexicoker is part of a Fl 3.4bn investment programme currently undertaken by Esso in the Netherlands. It is also building a Fl 1bn pilot plant for catalytic coal gasification in Rotterdam and intends to take over and convert a butanol plant at present owned by chemicals group Akzo, to manufacture higher alcohols.

Sharp growth at Generale Biscuit

By Terry Dodsworth in Paris

GENERALE BISCUIT, France's leading biscuit company, is forecasting 13 per cent growth in turnover for 1980 to a total of FFr 3.6bn ($923m).

Pre-tax profits are also expected to move ahead strongly to about FFr 300m, an increase of about 25 per cent on 1979. The group will pay a dividend higher than the FFr 22 net paid last year

According to M. Claude-Noel Martin, the chairman, the improvement in margins achieved last year should be repeated during the current 12 months, with the group hoping for a return on sales of 9 per cent. At the same time, the company is in the process of selling assets worth about FFr 50m.

Generale Biscuit, which claims to be the third largest company of its kind in the world, was created through the progressive merger of 32 French family concerns between 1967 and 1977.

It went public in 1979 and has recently begun to expand internationally with deals in both the U.S. and Japan. Neither of these new activities has yet made any impact on the financial results.

NCB restructuring Bill submitted

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH coalition Government yesterday submitted to the Riksdag (parliament) a Bill for the financial restructuring of Norrlands Skogsägares Cellulosa (NCB), the troubled pulp and paper concern in which the state earlier had to take a 74 per cent interest and in which a foreign bank consortium has a $46.5m loan at risk.

The Government proposes to raise NCB's capital by SKr 300m ($65.2m) and to make available a long-term loan of SKr 100m. The loan will replace one advanced under a State guarantee in December.

The Bill assume that some SKr 98m of the SKr 145m in outstanding domestic loans to the company, mostly from forest owners associations will be converted into B shares and that a further SKr 20m will become convertible next year.

The capital injection will, in the opinion of Mr. Nils Aasling, the Industry Minister, allow NCB to continue operating "units in which satisfactory profitability cannot be reached." The new board has already announced plans to close down four mills.

NCB's fate has been a controversial issue within the Swedish cabinet. Mr. Gösta Bohman, the Economics Minister, has argued that the company should be allowed to go bankrupt while Mr. Thorbjörn Fälldin, the Prime Minister and Mr. Aasling have backed the plan for restructuring the company with limited additional capital from the state.

The Bill specifically states that "further additions of state capital to cover losses will not be forthcoming." NCB has incurred pre-tax losses totalling SKr 900m over the past five years.

Swedish investment group formed

BY OUR NORDIC EDITOR IN STOCKHOLM

SWEDISH FINANCIER, Mr. Anders Wall, who three months ago arranged the merger between Volvo and his Beijerinvest group, has fathered another surprise for the Stockholm stock market. He is launching a new investment company, Argentus, which aims to tap the takeover proceeds Volvo will pay to Beijerinvest shareholders.

Beijerinvest's shareholders are being offered shares in Argentus, in return for the bonds—a 15-year debenture with a coupon of 14 per cent—they will receive from Volvo under the SKr 1.7bn ($370m) merger.

Argentus will sell accepting debentures on the capital market, convert 80 per cent of the proceeds into capital and place the remainder in a reserve fund. If all Beijerinvest shareholders accept the offer, Argentus would have a capital of around SKr 400m, making it one of the biggest investment companies in Sweden.

Mr. Wall, who is scheduled to become chairman of the new Volvo-Beijer group, will also be chairman of Argentus. Deputy chairman will be Mr. Jan Wallander, chairman of Svenska Handelsbanken, and among the board members will be Mr. Stig Ramel, managing director of the Nobel Trust, which finances the Nobel science and literature prizes.

Danfoss profit well ahead

By Hilary Barnes in Copenhagen

DANFOSS, the Danish hydraulics and temperature control equipment company, reports profits up from DKr 340m to DKr 437m ($66.5m) before tax for the year ended September, 1980. Sales rose by 27 per cent to DKr 3.27bn. Profit after tax increased from DKr 236m to DKr 309m.

The company, which is owned by a foundation, will pay an unchanged 8 per cent dividend.

RISING COSTS LOWER PROFITS

Setbacks for Japanese tyre groups

BY YOKO SHIBATA IN TOKYO

TWO OF Japan's top tyre makers have reported setbacks in earnings for 1980. The poor results were blamed on failure to pass higher costs on to selling prices.

Bridgestone Tire, Japan's largest tyre maker with a market share of 50 per cent, and the sixth ranking in the world, experienced a 15.8 per cent fall in operating profits, to Y46.37bn ($223m), and a 3.3 per cent fall in net profits to Y24.49bn on sales of Y517.64bn ($2.5bn) up 19 per cent.

Yokohama Rubber, the second largest Japanese maker, showed operating profits of Y2.14bn ($10.3m), down 62.4 per cent. Net profits were reduced by 68 per cent to Y1.46bn on sales of Y207.73bn ($1bn), up 20.8 per cent over the previous year.

Sales of new car tyres fared well over the year, but demand for replacement tyres was sluggish. In particular, that for buses and trucks fell in reaction to the boom in the previous year.

In order to cover the increased cost of raw materials, Bridgestone marked up its selling prices in the second half. This, however, ran up against weakened demand. Bridgestone's exports increased by 55 per cent, to account for 30 per cent of its total sales. However, the higher yen exchange rate in the second half lowered the company's export profitability considerably.

During the year, the company withdrew from Singapore, but bought the Uniroyal plant in Australia. The company has five overseas plants including one in Iran which is currently operating at less than 50 per cent of capacity.

Yokohama Rubber blamed its earning fall on the higher price of raw materials (up 30 per cent) and sluggish sales of profitable replacement tyres.

In the current fiscal year both makers expect the favourable trend in exports to continue, a recovery in demand for replacement tyres and stable material prices.

Bridgestone Tire's 1981 operating profits are expected to reach Y49bn, up 5.6 per cent, though net profits are forecast at Y23bn, down 6.1 per cent, on sales of Y570bn, up 10 per cent.

Yokohama Rubber expects an earnings recovery in the current year and plans to restore its dividend. The company's operating profits are expected to rise 63 per cent to Y3.5bn, and net profits 3 per cent to Y1.5bn, on sales 5.9 per cent higher at Y220bn.

Bond raises Waltons stake

By Our Financial Staff

BOND CORPORATION Holdings, the West Australian resources group, has announced the acquisition of further shares in Waltons, the Sydney-based retailer, to take its interest to a total 28.91 per cent. This followed Bond's saying yesterday that it held a 19.5 per cent interest in Waltons.

Bond also said it was in the market for Waltons stock at A$1.10 per share, valuing Waltons at some A$50m (US$58m.). This betters the A$1 per share offer made earlier this week by JGL Investments Property, which was conditional on acceptances covering 90 per cent of Walton's stock.

Expansion by Far East Hotels

BY ADRIAN BOVEN IN HONG KONG

FAR EAST Hotels and Entertainment, a rapidly growing hotel company based in Hong Kong, has bought the 200-room Hotel Mediterranean in Geneva for SWFr 37.5m (US$19.6m), has signed a management agreement for a new 260-room hotel due to open in Seattle in April, and also a representation agreement for the Far East with the 626-room Prince Kuhio Hotel in Honolulu.

The purchase of the Geneva hotel is financed principally through a 25-year Swiss franc loan provided by the Union Bank of Switzerland, and the transaction is subject to approval from the Swiss Central Bank.

The Seattle hotel was bought for an undisclosed price by Far East Hotels' controlling shareholders, the Chiu family, but the company will have the option of buying the hotel from the family at cost up to December, 1985.

The representation agreement with the Honolulu hotel is the first of a series that the company hopes to secure through a sale and representation office it is opening in New York.

Far East Hotels was incorporated in 1978, and went public in 1979 with an offer of 30m shares at HK$ 1.15 a share. Including the contracts announced yesterday, it now owns or operates ten hotels with an aggregate total of about 2,500 rooms in South-East Asia, America, and Europe. The company also operates several amusement parks and cinemas in South-East Asia.

● The Hong Kong and Yaumati Ferry Company's HK $208m one-for-two rights issue of ordinary shares at HK$4.50 a share has been 98.25 per cent subscribed. Payment for the shares is in two equal instalments. The first HK$2.25 a share was due on February 17 and the other half on March 31, 1982. Trading in partly-paid form will begin on March 18.

Proceeds are being used to finance a HK$300m programme which calls for a development of the company's waterfront properties and the purchase of 21 new vessels to serve the growing population of Hong Kong's outlying islands.

● Hong Kong's Mass Transit Railway Corporation has contracted a medium-term HK$200m (US$37.7m) loan facility with the Chartered Bank.

Financial rand investment slowdown

By Quentin Peel in Johannesburg

MORE THAN R750m ($961m) has been invested in South Africa by non-residents using the financial rand mechanism in the past two years, Mr. Owen Horwood, the Minister of Finance, said. However, the flow of investment funds through the financial rand—which offers a discount of about 30 per cent on South African investments by non-residents—had slowed appreciably in the past year.

Mr. Horwood, who was speaking at the opening in Johannesburg of a new headquarters for Sharp Electronics, the electrical consumer goods manufacturer, said it remained the long-term aim to amalgamate South Africa's two currencies. He added, however, that the relative strength of the commercial rand against the dollar meant that such a move was impossible for the time being.

Financial rand are effectively blocked rand, available only to non-residents, and are at present trading at around $0.90 cents compared with the commercial rand rate of $1.30. The discount between the two is widely regarded as a barometer of political and economic confidence in South Africa.

The financial rand brought about R500m into the country in 1979 but only half that amount since then. It last reached a peak of parity with the dollar in October, mainly because of foreign buying on South African gold shares and Sasol, the oil-from-coal producer.

Hong Kong considers laws for closer shares scrutiny

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG is considering the introduction of laws requiring directors, executives, professional advisers and substantial shareholders of companies to disclose shareholdings, or at least their share dealings.

Sir Philip Haddon-Came, the financial secretary, has said that without disclosure of shareholdings it is difficult to police any takeover code. The question of disclosure was one of a number of financial issues discussed in Wednesday's Budget. These reflect the determination of the Territory, and of Sir Philip in particular, that Hong Kong will strengthen its position as the leading financial centre in the Far East.

Most of the subjects introduced by Sir Philip are still going through their early discussions, but the Financial Secretary has thrown his full weight behind the new 35 per cent trigger point which the Securities Commission has adopted for a shareholder to make a general bid for all shares of a company when he reaches this level.

The lower trigger point has met with strong opposition in the market, but Sir Philip said that he hoped that 35 per cent was low enough to give investors protection.

The Financial Secretary also said the Government was about to start drafting legislation intended to define more precisely the status of banking business in Hong Kong. Since 1976, the number of deposit taking companies has reached 302, compared with 113 licensed banks.

The Government is believed to be considering giving the banks the monopoly for all deposits of up to HK$50,000 (some US$10,000), with the sole rights for deposits with an original term to maturity of less than three months up to HK$500,000. Deposit taking companies would be limited to deposits of HK$50,000 or more with a maturity of more than three months, and a separate class of deposit taking companies, loosely termed merchant banks, would be created to take sums of HK$500,000 and upwards of any maturity.

Sir Philip said that the Government was examining again the question of removing the withholding tax on foreign currency deposits above certain size.

ATI boosts half-year earnings

BY BERNARD SIMON IN JOHANNESBURG

ANGLO TRANSVAAL Industries (ATI), the industrial arm of South Africa's Anglovaal mining house, lifted after-tax profit to R26m ($33.8m) in the six months to December 31 from R18.5m in the same period of 1979. Turnover rose from R308.8m to R402.5m ($522.7m). Earnings per share were up from 79 cents to 110 cents.

ATI has a wide range of industrial interests, ranging from electronics to industrial fasteners. The company's three main divisions are food, which accounts for about one-fifth of taxed profit, containers (30 per cent) and engineering (slightly over 40 per cent).

The contribution of the engineering division to total profits has risen appreciably in the past year.

The increase in profits between July and December was evenly spread among ATI's subsidiaries. One exception was Denver Metals, a scrap metal converter, whose results were below average.

ATI is in the process of acquiring full control of Bakers (South Africa), a leading biscuit and confectionery manufacturer. Arrangements have been finalised to raise R55.2m, of which R30m will be in the form of variable rate redeemable preference shares and the balance through a 33-for-100 rights issue.

The company also recently bought a substantial interest in Grinaker Holdings, a leading construction and electronics company. Grinaker's interim results were also released yesterday, showing a rise in pre-tax profit from R4.8m in July-December 1979 to R6.5m last year.

According to the directors, prospects throughout the group "are most encouraging."

SIA looks to opening of Changi

Kathryn Davies reviews the aspirations of Singapore Airlines against the background of the July opening of Changi airport

SINGAPORE'S CIVIL aviation authorities are completing preparations for the opening of the Republic's new international airport at Changi on July 1. Today they will formally take over responsibility for the air traffic control tower, part of Changi's S$1.5bn (U.S.$715m) infrastructure, which includes new long-range radar equipment.

Meanwhile, Singapore's national flag carrier, Singapore Airlines (SIA) is hoping that its S$90m investment in Changi will ultimately help to ease the airline's financial problems. SIA's chief outlay is on a vast engineering hangar, which incorporates the world's longest clear span hangar roof.

Changi is on the eastern side of the island and more than half the area designated for the airport is made up of land reclaimed from the sea. The first phase, now nearing completion, includes a 4,000 metre runway capable of handling 33 aircraft movements an hour and a S$300m passenger terminal building. Phase 2, to be completed in 1983, will add another slightly shorter runway. There is also space for three more terminal buildings, and 100 aircraft parking stands.

By 1989, Changi, it is planned, will be able to handle 17m passengers compared with the 7m who last year passed through the existing airport at Paya Lebar, nine kilometres to the west. By 1995, assuming an 11 per cent annual increase in passenger traffic, 26m people could be accommodated at Changi.

But the new airport is opening at an inauspicious time for the world airline business. Increased fuel costs and the effects of the recession are turning profits into losses and causing many airlines to cut back on routes. To these problems SIA can add two more of its own: an expensive aircraft purchase programme which has made the airline a heavy international borrower and industrial troubles.

Although the SIA group as a whole made a substantial profit in the financial year 1979-80, the profit of the parent airline dropped by more than 80 per cent to just under S$16m. SIA blamed the sharp rise in the company's fuel bill, which rocketed by 120 per cent to S$470m. But some other airline executives believed that SIA had bought too many aeroplanes in quick succession. In 1978 it ordered 19 Boeing 747s and subsequently decided to buy six Airbus A-300s and to take an option on six more.

In 1979-80, interest payments on the company's debts amounted to S$97m in contrast with S$57m in the previous year. However, SIA has now sold its entire fleet of ten Boeing 707s—and instead of a fleet of 47 aircraft originally projected for 1984-85 the company now intends to aim for a more frugal 34, all larger and more fuel-efficient.

CURRENCIES, MONEY and GOLD

$ & £ firm

Dollar rose slightly against most currencies in nervous foreign exchange trading. The major uncertainty remained the future trend in German interest rates, particularly following news that the German Bundesbank had suspended its new special Lombard facility. This had been set at 12 per cent for two days and served to take the upward pressure off German rates following the ending of the fixed Lombard rate at the end of last week. About DM 1bn was borrowed against the floating Lombard rate yesterday, compared with DM 8bn on Wednesday. It was also announced yesterday afternoon that the Bank of France had raised its Treasury bill discount rate once again to prevent any weakening of the franc as a result of the recent rise in German rates.

Sterling was firmer against European currencies, but eased slightly against the dollar.

European currencies eased against the dollar, but showed little movement within the European Monetary System. The French franc remained the strongest EMS member, above the guilder and D-mark. The Belgian franc was again outside its divergence limit despite support by the Belgian National Bank, and the Irish punt was also very weak.

DOLLAR — trade-weighted index (Bank of England) rose to 99.9 from 99.6. The U.S. currency rose to DM 2.1140 from DM 2.1060 against the D-mark, and to SwFr 1.9440 from SwFr 1.9150 in terms of the Swiss franc.

STERLING — trade-weighted index (Bank of England) rose to 99.3 from 99.2, after standing at 99.4 in the morning and at noon. The pound opened at the day's low of $2.2190-2.2200, and touched a peak of $2.2315-2.2325 in the afternoon, before closing at $2.2255-2.2265, a fall of 25 points on the day.

D-MARK—A sharp rise in German interest rates coupled with earlier intervention by the Bundesbank has led to a recovery by the D-mark. High foreign interest rates and Germany's considerable balance of payments deficit had previously put pressure on the D-mark against the dollar, and within the European Monetary System. Tension over Poland has added to the nervousness surrounding the German currency—The D-mark continued to improve against most of the other members of the EMS at the Frankfurt fixing, but declined against the dollar and sterling. The Bundesbank did not intervene when the U.S. currency rose to DM 2.1195 from DM 2.1018 at the fixing, while sterling rose to DM 4.7180 from DM 4.6910. West Germany's monetary reserves fell DM 2.4bn to DM 61.7bn in the third week of February largely as a result of intervention by the central bank to support the D-mark. Market nervousness increased in the afternoon following news that the Bundesbank had suspended its special Lombard facility offered to German banks at 12 per cent for the past two days.

DUTCH GUILDER—One of the stronger members of the EMS, but until recently much weaker against other major currencies, such as the dollar, sterling and yen. Economic problems caused by oil price increases and world recession have led to a balance of payments deficit, but the Netherland's position seems less severe than several other EMS members at present—The guilder weakened against the dollar and sterling at the Amsterdam fixing, and showed mixed changes against its EMS partners. The D-mark eased to Fl 1.103850 from Fl 1.104450, and the French franc to Fl 47.02 per 100 francs from Fl 47.0650. The Danish krone rose to Fl 35.38 per 100 krone from Fl 35.2650.

THE POUND SPOT AND FORWARD

Feb. 26	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2190-2.2325	2.2255-2.2265	0.37-0.47c dis	−2.26	2.18-2.28dis	−4.01
Canada	2.6660-2.6790	2.6715-2.6725	0.65-0.75c dis	−3.14	2.85-3.00dis	−4.38
Nethlnd.	5.17-5.22	5.20¾-5.21¾	1¼-¾c pm	2.88	2-1 pm	1.15
Belgium	76.70-77.25	76.95-77.05	8c pm-2 dis	0.47	17-27 dis	−1.14
Denmark	14.68-14.75	14.71½-14.72½	2-½ore pm	0.97	2½-4½ dis	−0.95
Ireland	1.2800-1.2890	1.2845-1.2865	0.07-0.10p dis	−0.79	0.37-0.42dis	−1.23
W. Ger.	4.68-4.73	4.70¾-4.71¾	¼-1¼pf dis	−1.91	1½-2½ dis	−1.70
Portugal	125.60-126.60	125.95-126.15	35c pm-65 dis	−1.42	15-130 dis	−3.25
Spain	192.00-192.70	192.10-192.30	par-55c dis	−1.72	5-4 pm	0.09
Italy	2,266-2,276	2,267½-2,269½	6½-8½ lire dis	−3.97	32-35 dis	−5.91
Norway	12.01-12.07	12.04½-12.05½	1⅝ore pm-par	0.81	par-1¾ dis	−0.29
France	11.02-11.09	11.07¾-11.08¾	2-1c pm	1.62	2-3 dis	−0.90
Sweden	10.26-10.31	10.27½-10.28½	2½-3⅞ore dis	−3.65	12-13 dis	−4.86
Japan	460-468	462-463	2.20-1.80y pm	5.19	4.00-3.60 pm	3.24
Austria	33.20-33.45	33.27-33.32	8-5gro pm	2.34	7 pm-2 dis	0.30
Switz.	4.29-4.34	4.32¼-4.33¼	2¼-1⅛c pm	4.85	4½-3⅞ pm	3.58

Belgian rate is for convertible francs. Financial franc 78.50-78.60. Six-month forward dollar 4.98-5.00c dis. 12-month 7.90-8.20c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 26	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2190-2.2325	2.2255-2.2265	0.37-0.47c dis	−2.26	2.18-2.28dis	−4.01
Ireland†	1.7220-1.7400	1.7350-1.7365	0.10-0.17c dis	−0.93	0.62-0.69dis	−1.51
Canada	1.1983-1.2014	1.1993-1.1996	0.16-0.21c dis	−1.85	0.08-0.13dis	−0.35
Nethlnd.	2.3275-2.3430	2.3275-2.3325	1.20-1.10c pm	5.92	3.47-3.37 pm	5.87
Belgium	34.51-34.67	34.57-34.59	10-8c pm	3.13	27-24 pm	2.96
Denmark	6.5900-6.6145	6.5900-6.6000	2.15-1.65ore pm	3.46	5.50-5.00 pm	3.18
W. Ger.	2.0950-2.1250	2.1135-2.1145	0.15pf pm-par	0.42	1.20-1.05 pm	2.13
Portugal	56.65-57.00	56.65-56.80	25c pm-15 dis	1.06	60 pm-25 dis	1.23
Spain	86.40-86.63	86.45-86.55	20c pm-par	1.39	par-25 dis	−0.58
Italy	1,018-1,021	1,018-1,020	1-1¾ lire dis	−1.62	4-5½ dis	−1.86
Norway	5.4125-5.4250	5.4210-5.4240	1.60-1.10ore pm	2.99	5.20-4.70 pm	3.65
France	4.9600-4.9850	4.9750-4.9850	1.87-1.77c pm	4.40	4.55-4.35 pm	3.59
Sweden	4.6100-4.6305	4.6285-4.6300	0.40-0.60ore dis	−1.30	0.90-1.10dis	−0.86
Japan	207.25-208.00	207.75-207.85	1.25-1.10y pm	6.78	3.95-3.80 pm	7.48
Austria	14.91½-15.02	14.93-14.97	6.00-5.30gro pm	4.54	17.25-13.75pm	4.15
Switz.	1.9250-1.9480	1.9435-1.9445	1.40-1.30c pm	8.33	4.02-3.92 pm	8.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 26	Bank of England Index	Morgan Guaranty Changes %
Sterling	99.3	−26.7
U.S. dollar	99.9	−4.0
Canadian dollar	84.8	−18.5
Austrian schilling	116.3	+21.8
Belgian franc	107.7	+9.2
Danish kroner	90.0	−9.9
Deutsche mark	120.5	+40.2
Swiss franc	133.8	+73.6
Guilder	112.8	+16.0
French franc	86.7	−9.5
Lira	61.4	−53.6
Yen	146.4	+42.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975 = 100).

CURRENCY RATES

Feb. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.551853	0.543765
U.S. $	13	1.23146	1.21232
Canadian $	17.14	1.47467	1.45200
Austria Sch.	6¾	18.3463	18.0636
Belgium F.	12	42.2237	41.6191
Danish K.	11	8.08453	7.97104
D mark	7½	2.58828	2.54806
Guilder	8	2.86191	2.81502
French Fr.	9½	6.07418	5.97979
Lira	16½	1246.24	1226.27
Yen	7¼	255.097	251.315
Norwgn. Kr.	9	6.64065	6.52534
Spanish Pts.	8	105.956	104.321
Swedish Kr.	12	5.66065	5.57875
Swiss Fr.	4	2.35147	2.31796
Greek Dr'ch.	—	—	61.4640

OTHER CURRENCIES

Feb. 26	£	$		£ Note Rates
Argentina Peso	5007-5027	2250-2260	Austria	33.10-33.50
Australia Dollar	1.9200-1.9240	0.8630-0.8635	Belgium	77.85-78.65
Brazil Cruzeiro	159.19-160.19	71.51-71.87	Denmark	14.65-14.80
Finland Markka	9.079-9.090	4.0730-4.0750	France	10.95-11.05
Greek Drachma	112.634-114.586	50.75-50.90	Germany	4.69-4.73½
Hong Kong Dollar	11.79½-11.81½	5.3005-5.3025	Italy	2260-2360
Iran Rial	167.00*	74.90*	Japan	460-466
Kuwait Dinar (KD)	0.606-0.612	0.2739-0.2744	Netherlands	5.17-5.22
Luxembourg Frc.	76.95-77.05	34.57-34.59	Norway	11.97-12.09
Malaysia Dollar	5.0990-5.1090	2.2915-2.2935	Portugal	121-125
New Zealand Dlr	2.4080-2.4130	1.0820-1.0830	Spain	187½-197½
Saudi Arab. Riyal	7.39-7.45	3.3395-3.3415	Sweden	10.24-10.35
Singapore Dollar	4.6610-4.6710	2.0945-2.0965	Switzerland	4.28-4.32½
Sth African Rand	1.7360-1.7385	0.7800-0.7810	United States	2.21¼-2.23¼
U.A.E. Dirham	8.13-8.19	3.6715-3.6735	Yugoslavia	80-83

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6697	+4.72	+1.67	±1.53
Danish Krone	7.72336	7.95846	+3.04	−0.01	±1.64
German D-Mark	2.48208	2.55012	+2.74	−0.31	±1.125
French Franc	5.84700	5.98720	+2.40	−0.65	±1.3557
Dutch Guilder	2.74362	2.81368	+2.55	−0.50	±1.512
Irish Punt	0.668201	0.695439	+4.08	+1.03	±1.668
Italian Lira	1157.79	1227.83	+6.05	+3.18	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 26	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.226	4.708	462.5	11.083	4.328	5.213	2269.	2.672	77.00
U.S. Dollar	0.449	1.	2.115	207.8	4.979	1.944	2.342	1019.	1.200	34.59
Deutschemark	0.212	0.473	1.	98.25	2.354	0.919	1.107	481.9	0.568	16.36
Japanese Yen 1,000	2.162	4.813	10.18	1000.	23.96	9.357	11.27	4905.	5.777	166.5
French Franc 10	0.902	2.009	4.248	417.3	10.	3.905	4.703	2047.	2.411	69.48
Swiss Franc	0.231	0.514	1.088	106.9	2.561	1.	1.205	524.2	0.617	17.79
Dutch Guilder	0.192	0.427	0.903	88.73	2.126	0.830	1.	435.2	0.512	14.77
Italian Lira 1,000	0.441	0.981	2.075	203.9	4.885	1.908	2.298	1000.	1.178	33.94
Canadian Dollar	0.374	0.833	1.762	173.1	4.148	1.620	1.951	849.0	1.	28.82
Belgian Franc 100	1.299	2.891	6.114	600.6	14.39	5.620	6.769	2946.	3.470	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 9/16	offer 16 11/16	bid 16 9/16	offer 16 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15-15¼	14⅝-15	15-16	—	17-19	13-16	11-11¼	12-14	9-10	8⅜-8⅝
7 days' notice	14⅞-15⅛	15-15¼	15-16	9⅛-9⅜	4¾-5	13-15	9¾-10¼	16⅝-17⅝	10½-11½	8⅝-8⅞
Month	13¾-13⅞	15⅞-16⅛	16¾-17⅛	10⅛-10¾	8⅛-8⅜	15-15½	11⅞-12⅛	17¼-18¼	12¾-13	8½-8¾
Three months	12⅝-12¾	16½-16¾	16¾-17⅛	11-11⅛	8⅝-9¼	14¼-14½	13-13½	17⅝-18⅝	13½-13¾	8½-8¾
Six months	12½-12¼	16½-16¾	16¼-16⅝	11⅛-11¼	8⅛-8⅜	13¼-13½	13⅛-13⅜	18⅜-19⅜	13¾-14	8⅜-8⅝
One Year	12-12¼	15⅞-16⅛	15⅜-15¾	11⅛-11⅜	7¾-8⅛	12¼-12½	13⅛-13⅜	18⅝-19⅝	13¾-14	8⅜-8⅝

SDR linked deposits: one-month 13½-13⅞ per cent; three-months 13¾-14⅛ per cent; six-months 13⅝-13¾ per cent; one year 13⅛-13⅞ per cent.

Asian $ (closing rates in Singapore) one-month 15¾-15⅞ per cent; three months 16⅜-16⅝ per cent; six-months 16½-16⅝ per cent: one year 15⅝-15⅞ per cent. Long-term Eurodollars two years 15⅝-15⅞ per cent; three years 15⅜-15⅝ per cent; four years 15⅛-15⅜ per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.65-15.75 per cent; three-months 15.90-16.00 per cent; six-months 15.95-16.05 per cent; one year 15.40-15.50.

INTERNATIONAL MONEY MARKET

Paris call rate up

Paris call money continued to rise yesterday, touching the highest level since mid-October at 11½ per cent, compared with 11⅜ per cent on Wednesday. The rate has risen each day since last Friday, when the Bank of France made the first of two recent increases in its Treasury bill discount rate to counter any pressure on the French franc caused by the Bundesbank's measures to help the D-mark.

One-month money rose to 12⅛-12¼ from 11⅞-12 per cent in Paris and three-month to 13⅛-13⅜ per cent from 12⅞-13 per cent.

In Frankfurt call money remained around the new special Lombard level of 12 per cent, and was quoted at 11.80-12.00 per cent. One-month and three-month funds rose to 14-15 per cent from 13.50-14.50 per cent, while six-month firmed to 13-14 per cent from 12.50-13.50 per cent, and 12-month showed little change at 12-13 per cent.

A total of DM 8bn was lent to commercial banks on Wednesday under the special Lombard facility which ended yesterday according to figures released by the Bundesbank. Market estimates of credit granted under the new system had been as high as DM 12bn.

UK MONEY MARKET

Firmer trend

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Short-term interest rates continued to rise in the London money market reflecting doubts about the future trend in Bank of England Minimum Lending Rate following the further upward pressure on European rates and the recent weakness of sterling. Discount houses buying rates for three-month Treasury bills rose to 11 15/16-12 per cent from 11⅞-11 29/32 per cent, while buying rates for three-month eligible bank bills increased to 11 29/32-12 per cent *from 11 13/16 per cent.*

A slight surplus of funds was anticipated in the market, but in the event credit was in short supply and the authorities gave assistance on a small scale by buying a small amount of Treasury bills and a small number of eligible bank bills from the discount houses. There was a large excess of Government disbursements over revenue payments to the Exchequer, while the authorities held a small amount of maturing commercial bills.

GOLD

Further fall

Gold continued to weaken in the London bullion market yesterday, reflecting the strength of the dollar and the upward trend in world interest rates. The metal finished at $490-493, a fall of $8 on the day. It opened at $495-498, the highest level seen during yesterday's trading, and was fixed at $495.25 in the morning, and $492 in the afternoon, before closing at the day's low.

In Paris the 12½ kilo gold bar was fixed at FFr 86,750 per kilo ($543.12 per ounce) in the afternoon, compared with FFr 86,500 ($541.05) in the morning, and FFr 87,000 ($548.60) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,830 per kilo ($496.93 per ounce) against DM 34,305 ($507.02) previously, and finished at $491-494, compared with $500-503 on Wednesday.

In Zurich gold closed at $491-$494, against $500-503 previously.

	Feb. 26		Feb. 25	
Gold Bullion (fine ounce)				
Close	$490-493	(£219¾-221¼)	$498-501	(£223¼-224¾)
Opening	$495-498	(£222¾-224)	$505-508	(£226¾-228)
Morning fixing	$495.25	(£222.614)	$505.75	(£226.692)
Afternoon fixing	$492	(£220.727)	$500.50	(£224.611)
Gold Coins				
Krugerrand	$505-507½	(£227-227¾)	$512-514	(£229½-230½)
1/2 Krugerrand	$260-262	(£116¾-117½)	$263-265	(£118-118¾)
1/4 Krugerrand	$132-134	(£59¼-60)	$134-136	(£60-61)
1/10 Krugerrand	$55½-57½	(£25-25¾)	$55-56½	(£24½-25¼)
Mapleleaf	$504-505½	(£226¼-227)	$508-510	(£227¾-228¾)
New Sovereigns	$123-124	(£55¼-55¾)	$125-126	(£56-56½)
King Sovereigns	$150-152	(£67¾-68½)	$152-154	(£68-69)
Victoria Sovs.	$150-152	(£67¾-68½)	$152-154	(£68-69)
French 20s	$167-170	(£75-76¼)	$165-168	(£74-75¼)
50 pesos Mexico	$620-625	(£278¼-280½)	$632-637	(£283¼-285¾)
100 Cor. Austria	$481-486	(£216-218)	$490-495	(£219¾-222)
$20 Eagles	$625-630	(£280½-282¾)	$634-639	(£284¼-286½)

LONDON MONEY RATES

Feb. 26 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Discount Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-18	14½	—	—	14-14½	13-14	—	—	—
2 days notice	—	—	14⅝-14⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅝-14⅞	14⅜-14¾	—	15	14⅞-15	13⅞-14	—	—	—
One month	13⅝-13½	13⅞-14	13½-14	14⅞-14½	14¼	14⅛	13	12⅞	13⅛-13¼	13⅞
Two months	13-12¾	12⅞-13	—	13½-13⅛	13⅛	13¼	12½	12⅞-12⅝	12½-12⅜	13
Three months	12⅞-12⅝	12½-12⅞	12½-12⅝	12¾-12⅜	12⅞	13-13⅛	12	11 15/16-12	11 29/32-12	12⅝
Six months	12¼-12⅛	12⅞-12⅞	12-12¼	12⅜-12⅛	12½	12¼	—	—	11 7/16-11⅝	12
Nine months	12¼-12⅛	12⅛-12¼	—	12⅛-12¼	12⅝	12¾	—	—	—	—
One year	12¼-12⅛	12⅛-12¼	12⅛-12¼	12⅝-12⅛	12¼	12¾	—	—	—	—
Two years	—	—	12¾-13	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13⅛ per cent, four years 13⅛-13⅜ per cent; five years 13⅛-13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾-11⅞ per cent; four-month trade bills 12⅝ per cent.

Approximately selling rate for one-month Treasury bills 12 13/16 per cent; two-months 12⅞-12¾ per cent; three-months 11 29/32-11⅞ per cent. Approximate selling rate for one-month bank bills 13-13⅛ per cent; two-months 12¾-12⅞ per cent; three-months 11 15/16-11 29/32 per cent; one month trade bills 13 11/16 per cent; two-months 12¾ per cent and three-months 12⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender of discount 12.302 per cent.

MONEY RATES

NEW YORK

Prime Rate	18½-19
Fed. Funds	15⅞-15¾
Treasury Bills (13-week)	14.30
Treasury Bills (26-week)	13.83

GERMANY

Discount Rate	7.5
Overnight Rate	11.90
One month	14.50
Three months	14.50
Six months	13.50

FRANCE

Discount Rate	9.5
Overnight Rate	11.5
One month	12.25
Three months	13.25
Six months	13.25

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.625
Bill Discount (three-month)	8.40625

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 25, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified cases. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

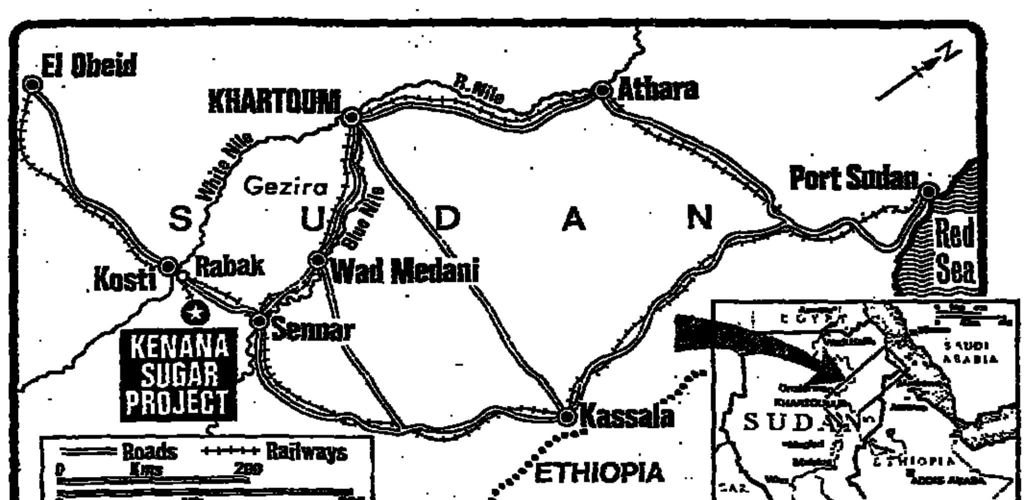
Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.6251
Algeria	Dinar	3.8325
Andorra	French Franc	4.9275
	Spanish Peseta	86.05
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7026
Argentina	Argentine Peso	1940.50
Australia	Australian $	0.861
Austria	Schilling	14.92
Azores	Portug. Escudo	56.07
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3769
Balearic Isles	Spanish Peseta	86.05
Bangladesh	Taka	15.8223
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	34.305
	B. Franc (F)	34.90
Belize	Belize $	2.00
Benin	C.F.A. Franc	246.375
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.315
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7721
Brazil	Cruzeiro	71.65
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.096
Bulgaria	Lev	0.87
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	246.375
Canada	Canadian $	1.1961
Canary Islands	Spanish Peseta	86.05
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	246.375
Chad	C.F.A. Franc	246.375
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.5995
Colombia	Col. Peso (O)	51.86
Comoros Islands	C.F.A. Franc	246.375
Congo (Brazzaville)	C.F.A. Franc	246.375
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7313
Cyprus	Cyprus Pound	0.3918
Czechoslovakia	Koruna (O)	5.60
Dem Rep. Sao Tome & Principe	S. Tome Dobra	35.7432
Denmark	Danish Krone	6.5505
Djibouti Rp. of	Djibouti Franc	177.011
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Egyptian pound	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	172.10
Ethiopia	Birr (O)	2.0435
Faroe Islands	Danish Krone	6.5505
Falkland Islands	Falkland Is. £*	2.2315
Fiji	Fiji $	0.8153
Finland	Markka	4.051
France	French Franc	4.9275
French C'ty in Af.	C.F.A. Franc	246.375
French Guiana	Local Franc	4.9275
French Pacific Is.	C.F.P. Franc	87.3852
Gabon	C.F.A. Franc	246.375
Gambia	Dalasi	1.7925
Germany (East)	Ostmark (O)	2.1015
Germany (West)	Deutschemark	2.1015
Ghana	Cedi	2.75
Gibraltar	Pound*	2.2315
Greece	Drachma	50.30
Greenland	Danish Krone	6.5505
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.9275
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.7282
Guinea Republic	Syli	20.0446
Guyana	Guyanese $	2.5678
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.285
Hungary	Forint	32.55
Iceland	New I. Krona	6.48
India	Ind. Rupee	8.315
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2999
Irish Republic	Irish Punt*	1.753
Israel	Shekel	8.52
Italy	Lira	1041.50
Ivory Coast	C.F.A. Franc	246.375
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	207.30
Jordan	Jordan Dinar	0.3188
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	8.2419
Kiribati	Australian $	0.861
Korea (Nth)	Won	0.94
Korea (Sth)	Won	669.30
Kuwait	Kuwait Dinar	0.2736
Lao P'pls D. Rep.	New Kip	10.00
Lebanon	Lebanese Pound	3.947
Lesotho	Loti	0.7796
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.9125
Luxembourg	Lux Franc	34.305
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	246.375
Madeira	Portuguese Escudo	56.07
Malawi	Kwacha	0.8556
Malaysia	Ringgit	2.287
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	492.75
Malta	Maltese Pound	0.3832
Martinique	Local Franc	4.9275
Mauritania	Ouguiya	49.275
Mauritius	M. Rupee	8.1801
Mexico	Mexican Peso	23.55
Miquelon	French Franc	4.9275
Monaco	French Franc	4.9275
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.7106
Mozambique	Moz. Escudo	30.1143
Namibia	Rand	0.7796
Nauru Is.	Aust. $	0.861
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.3255
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0817
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	246.375
Nigeria	Naira (O)	0.568
Norway	Norw'g Krone	5.3855
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.87
Panama	Balboa	1.00
Papua N.G.	Kina	0.6896
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3418
Peru	Sol	357.01
Philippines	Ph. Peso	7.85
Pitcairn Islands	NZ $	1.0817
Poland	Zloty (O)	31.09
Portugal	Port. Escudo	56.07
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.6395
Reunion Ile de la	French Franc	4.9275
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.2315
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.9275
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	1041.50
Saudi Arabia	Saudi Riyal	3.3400
Senegal	C.F.A. Franc	246.375
Seychelles	S. Rupee	5.9755
Sierra Leone	Leone	1.2756
Singapore	Singapore $	2.096
Solomon Islands	S.I. $	0.8107
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7796
Spain	Peseta	86.05
Spanish Ports in North Africa	Sp. Peseta	86.05
Sri Lanka	S. L. Rupee	18.0372
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7796
Sweden	S. Krona	4.598
Switzerland	Swiss Franc	1.9125
Syria	Syria Pound	3.9962
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan Shilling	8.156
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	246.375
Tonga Islands	Pa'anga	0.861
Trinidad & Tob.	Trin. & Tob. $	2.4065
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	95.25
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.861
Uganda	Ug. Shilling	7.844
United Arab Emir.	UAE Dirham	3.6721
United Kingdom	£ Sterling*	2.2715
Upper Volta	C.F.A. Franc	246.375
Uruguay	Urug. Peso	10.87
U.S.S.R.	Rouble	0.7466
Vanuatu	FNH	79.6364
Vanuatu	Aust. $	0.861
Vatican	Italian Lira	1041.50
Venezuela	Bolivar	4.2935
Vietnam	Dong (O)	2.16
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9288
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	29.37
Zaire Republic	Zaire	3.43
Zambia	Kwacha	0.8317
Zimbabwe	Zim $	0.6494

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2)—Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-IMF countries. (4) From January 1, 1981, Iceland introduced a new crown equivalent to 100 units of old currency. (5) Since 1/1/81 100 Vatu = 5.1850 French francs.

Sudan's most impressive project, the Kenana sugar complex, will be formally opened on March 3—ten years after its inception. Its operation is a triumph of international co-operation over a history of setbacks and a step towards Sudan's aim to be a major food producer.

KENANA SUGAR PROJECT



A bold venture wins through

By James Buxton

NEXT WEEK one of the largest sugar complexes in the world is to be inaugurated. It is the Kenana project in Sudan, which is now producing sugar after several arduous years of construction and beginning to vindicate the original ambitious concept.

When President Jaafar Mohammed Nimairi formally opens Kenana on Monday Sudan will be celebrating the first substantial fruits of its drive, begun in the 1970s, to become a big food producer. Kenana will in due course export sugar. It is also significant as one of the largest equity investments in a developing country that the Arab oil states have ever made; they own more than half of Kenana.

Kenana is the fruit of the optimism of the early 1970s. The scheme—proposed to the Sudan Government by Mr. Tiny Rowland, of the British conglomerate Lonrho—was to take 81,000 acres of fertile but almost totally unused land between the Blue and White Niles, prepare and irrigate it by pumps and a canal from the White Nile, and build a sugar plant and refinery capable of producing more than 330,000 tonnes of sugar a year.

The scale was ambitious for almost any country. Kenana is designed to crush 17,000 tonnes of cane a day; the average sugar plant has about half that capacity. In such a large complex potential economies of scale risk being outweighed by the enormous problems of management control, the complexities of the construction phase, the large amounts of finance to be raised, and the fact that the longer construction time delays the point at which revenues begin to flow.

In addition, Kenana was particularly bold for Sudan, which at the time the project started had only two sugar plants producing about 100,000 tonnes for local consumption. When Kenana was proposed a hard surface road to cover the 1,150 km from the Kenana site to the Red Sea was only a plan, and the backbone of the transport system was a low-capacity railway. Despite several decades of experience of modern irrigated agriculture the country lacked skilled manpower and an engineering background. Another factor is that Kenana was to be in large part foreign-owned—this in a country which the year before it was proposed had nationalised most foreign and private business.

None of this daunted Mr. Rowland or President Nimairi. But at the time the perceived difficulties prevented Lonrho from putting together a composite financial package for the scheme, which would probably have made its implementation easier, quicker and cheaper. Instead the British company's choice of contractors was largely dictated by the availability of export credit guarantees, which did not make for economies. The factory equipment was supplied by France, with the boilers and generators coming from Japan, while the main construction contractors were British and Sudanese. State shareholders from other Arab countries were brought in, but the acquisition of new funds could not keep up with the soaring cost of the project.

Crisis

The 1973/74 oil price explosion had transformed the original costings when the scheme began in 1975, while at the same time sugar prices—whose record levels in 1974 had made the project so alluring—were descending into a five-year depression. Sudan simultaneously embarked on a development drive which put enormous strain on the country's frail transport system and caused high inflation. It also suffered the drain of skilled labour to the oil-rich countries of the Arabian peninsula.

The added difficulties of implementing Kenana, the rising costs and the gradually slipping target completion dates eventually combined in 1977 with the conflicting interests of the shareholders to provoke a crisis. This caused Lonrho to lose the management contract. Since then Kenana has been under Sudanese direction, with line management composed of Western expatriates and Sudanese. The chairman is a former Industry Minister, Dr. Bashir Abbadi, and the managing director is Mr. Mohammed Bashir Wagie, who previously ran the Sudanese State-owned sugar industry.

Fom then on the story of Kenana has been one of laboriously overcoming the logistical problems, erecting a highly sophisticated factory on a relatively remote site, and fighting against repeated cash flow problems caused in part by the tardiness of the Arab shareholders in committing funds.

The breakthrough came in early 1980. The factory started to crush cane in February that year. With the world sugar price restored to levels unmatched since 1974 it gradually emerged that Kenana might after all become the glittering success predicted in the early 1970s. So an operation to raise new capital to meet the final tranche of the $614m capital cost of the project and see it through to making its first net returns caused wrangling among shareholders as to who should be allowed to invest in and own this potential money-spinner—in marked contrast to their past reluctance.

Looked at in the sunshine of current world sugar prices compared with an estimate of Kenana's total operating cost per tonne of sugar at full production of $470 (£204), the boldness of the original concept and the sophistication of the design seem vindicated. Agricultural costs are low, for the soil is very easy to work. The furrows of up to 2 km in length—a radical innovation—are economical to operate and ideal for mechanical harvesting; the cane grows excellently, producing high yields when harvested at the appropriate time.

The factory had a high capital cost and will be expensive to run but this season has been operating at a high level of technical efficiency. It consists of two separate trains or phases, and thus incorporates almost belt and braces devices which are ideal for an unpredictable environment. The factory is independent of outside sources of electricity and fuel during the crushing season, which means that it can produce as much water as it needs. This is because its 40 MW power station—the second largest in the country—is driven by steam from boilers fired during the season by bagasse, the cane residue.

Teething

After the first short season in early 1980, which produced 22,000 tonnes of sugar, during which the plant's teething troubles had to be ironed out, Kenana last November began crushing in earnest for the 1980-81 season. By the end of January it had already produced 30,558 tonnes of what is called mill white sugar in the first 78 days of operations. This is in excess of targets but the rate of harvesting will have to be speeded up if the target of 150,000 tonnes of sugar by the end of the 218-day season is to be reached.

The second phase of the factory came into operation in early February, however, so that more crushing capacity is available. Next season it is hoped to produce more than 250,000 tonnes, and the complex should reach its capacity of 330,000 tonnes the following season.

Profitable sugar-making depends on harvesting cane efficiently, getting it to the factory quickly and keeping the factory operating at high technical efficiency. It was never thought that Sudan had nearly enough trained and experienced technicians or people with enough high management experience to run Kenana. From the start it was accepted that it would have large numbers of expatriates. Out of a maximum of 11,000 employees it currently has about 500 in different grades.

Expatriates are expensive. They require especially good housing, schools, medical facilities, clubs and shops. The cost of expatriates in itself puts a premium on efficiency, but it is accepted that they also make it possible. For the sad truth is that Kenana is currently operating rather better than virtually any other economic installation in the country.

Harvest output rising daily

ANY DESCRIPTION of how Kenana works should logically, and symbolically, begin on the banks of the White Nile.

The scheme's first pump station stands where the sluggish great river is nearly a mile wide, a great expanse of blue stretching across to low green marshy banks. About a mile and a half downstream is the brand new Italian-built road bridge across the river which is the most important link between eastern and western Sudan.

A little farther on is the original steel swing bridge which carries both the railway and the narrow track previously used for vehicles, cattle and everything else. Across the river is Kosti, the port from which a few steamers still ply the Nile up to Juba, and the site of the refinery for Sudan's modest reserves of newly discovered oil.

The relative profusion here of communication links in a vast country which has so few helped dictate the siting of Kenana but the main factor was that the rich soils of the Blue Nile flood plain—built up over millennia by the erosion of the fertile Ethiopian highlands—come at this point within a few miles of the White Nile, the irrigation source. To clinch matters the black cotton soil gives way at the south-west corner of the estate to a low ridge of rock and gravel, making an ideal site for the factory and housing and providing building material.

From Pump Station Number One on the White Nile the water is carried some 13 km across the White Nile flood plain to Pump Station Two, which has the highest lift and where the estate itself begins. The main canal continues for another 16 km with two further pump stations to the head of the estate, where the water level is more than 40 metres above the river. The capital cost is inevitably high but the scale of Kenana is such that the factory's power station supplies all the necessary power for the pumps and is fuelled during the crushing season by bagasse—cane residue.

The main canal, which has a capacity of 42 cubic metres per second, has a series of primary canals radiating off it, which are fed by gravity and follow the contours of the estate. At intervals along the primary canals are the structures through which the water flows into the earth channels around each field. The agricultural workers (who live in specially built villages on the estate) use syphons to transfer the water from these channels into the furrows between the rows of lush sugar cane.

Here is one of the main innovations of Kenana. Uniquely in Sudan and rarely for the world sugar industry, the furrows are up to 2 km long—a feature made possible by the self-sealing nature of the clay soil and the uniform topography. Fewer workers are required as the irrigation syphon tubes have to be moved less often, and the long rows are ideal for efficient mechanical harvesting.

Remainder

The irrigation works were designed by the British consultants, Howard Humphreys, and Sir Alfred McAlpine built the first two-thirds of the main canal, the first three pump stations and the initial irrigation distribution work. The remainder of the irrigation system is being completed by the Sudanese state-owned public corporation for irrigation works and earthmoving, which is now completing Pump Station Four. Once this is done the way should be open to planting a total of 70,000 feddans (one feddan is almost equivalent to an acre) of cane. For the current season some 38,500 feddans of cane should be harvested and a big planting operation is going on for next season.

The bulk of the cane is cut by sugar harvesters made by Claas of West Germany. Cane due for harvesting is first burnt to strip off the foliage. This leaves blackened stalks on the ground and a great deal of dirt in the air and makes harvesting a filthy and unattractive job. The mechanical harvesters go along the cane a row at a time while alongside them runs a 25-ton Magirus Deutz articulated truck carrying two 12-ton containers. When the boxes are full the truck heads straight for the factory where the cane unloading mechanism can lift up each box and tip it on to feed table, from where the cane is drawn into the factory.

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The growing pains of a grand idea

THE IDEA of building one of the world's largest sugar plants in Sudan was originally proposed to President Jaafar Mohammed Nimairi by Mr. "Tiny" Rowland of Lonrho in 1971. It was accepted in principle in August that year and in 1972 Lonrho was commissioned to make a feasibility study of it.

The study, presented in 1973, effectively outlined the Kenana scheme which now exists, putting the cost at $113m. At that stage it was suggested that Lonrho would take 49 per cent of the equity, with the Sudan Government taking the rest, and would implement the scheme and manage it after completion. The final go-ahead for the project was given by the Government in late 1974, though by this time the cost estimate had been raised to $171.6m, partly as a result of the 1973/74 oil price explosion.

By this time Lonrho's connections with the rich Arabs of the Arabian Peninsula and Gulf — which had provoked the famous board-room row of 1973 — had given birth to the idea of the triangular approach to the project. When the Kenana Sugar Company was founded in February 1975 the Sudan Government and the state-owned Sudan development corporation between them had 61 per cent of the equity; the Arab Investment Company (TAIC) — a multi-state concern based in Riyadh, Saudi Arabia — had 17 per cent; Lonrho had 12 per cent; Gulf Fisheries, the private Kuwaiti company which had recently taken a big stake in Lonrho, had 5 per cent; and the Japanese concern Nissho Iwai, which was to supply the boilers and generators, also had 5 per cent. By then the cost was being put at $250m.

Sceptical

Despite the support of shareholders, Lonrho was unable to put together a composite financial package for the scheme which would have given it a free hand in its choice of contractors: bankers were sceptical about the project and its promoter. This led to two developments which had a profound effect on the history of Kenana.

First, partly because Lonrho was anxious to bring in the reluctant Kuwait Government as shareholders, a Kuwaiti construction company, which fractionally underbid Marples Ridgway for the main construction contract on the project, was given a letter of intent. But when this company showed itself slow to mobilise Kenana finally decided to withdraw the letter of intent and give the contract, initially on a cost plus basis, to Sir Alfred McAlpine. This move was to have important consequences.

Second, when Lonrho sought official export credit backing for the factory, neither the U.S. Eximbank nor Britain's Export Credit Guarantee Department would commit themselves to the project.

The fact that French export credit finance, guaranteed by the agency Coface, was available obliged Kenana to sign a contract with the French concern Technip for the supply of the sugar factory equipment—at a cost considerably in excess of other tenders. In the end the manufacture and ocean freight of all the factory equipment (including the Japanese component) cost $170m; nearly three times what the revised feasibility study had estimated. This was the major source of escalation in costs.

When Kuwait finally agreed in 1976 to become a shareholder and bring new capital to the project it commissioned the U.S. sugar consultants Alexander and Baldwin Agribusiness to examine it. Their report was critical of Lonrho. By the time the foundation stone of the factory was laid in November 1976 the cost was put at $465m, and the proposed completion date slipped from February to late November 1978. Thereby losing one crushing season. Kenana was short of more than $200m and further finance was required.

The shareholders decided to put up more capital, make loans to Kenana and seek soft loans for the infrastructure. This was eventually agreed at a Board meeting in May, 1977—but at that meeting Kuwait insisted on and obtained Lonrho's removal from the management contract. Why it did so is now past history: Kuwait argued that Lonrho was not managing the project properly—a charge strenuously denied by Lonrho, which said that it lost the contract due to a technical matter of the rules of the Kuwaiti concern managing the Kuwait Government's stake. Most people who have been associated with Kenana believe the clinching factor was the withdrawal of the letter of intent from the Kuwaiti contractors, which offended the Kuwaiti estabilshment. This is denied in Kuwait.

The Lonrho management of Kenana has been blamed for not taking enough decisions on the project in time, but this was partly due to the fact that TAIC had nisisted, as a condition of its taking a stake, that any purchase by Kenana of more than $50,000—the cost of a small bulldozer at the time—be passed by a six-man executive committe of the company's shareholders who had to be convened from abroad.

The inescapable problem was that the very size of Kenana made its implementation a major undertaking for any country, and one disproportionately dependent on Sudan's slender transport system.

The Kenana site is about 1,150 km from Port Sudan on the Red Sea by a single track railway: until last year there was no complete all-weather road from the Red Sea to the central area of the country, and Kenana is still not connected to a hard surface road. The development explosion congested Port Sudan and put the rest of the transport system under immense strain, as well as causing high inflation. The boom in the Arab oil states drew away skilled Sudanese manpower by the thousand. Lack of foreign exchange caused acute national shortages of fuel. The summer rains annually washed out the railway.

The Kenana management had to employ one ingenious device after another to ensure reasonably regular supply, such as setting up an unloading team with its own cranes at Port Sudan and persuading Sudan Railways, for the first time in its history, to grant it the use of two exclusive trains.

After the departure of Lonrho, Mr. Mohammed Beshir Wagie, a Sudanese sugar man, took over as managing director, having formerly run the state-owned Sugar Corporaton. Inevitably there was a temporary loss of momentum which took time to build up again with the change of management, despite Mr. Wagie's determination and far-sightedness. By now it was accepted that the capital cost of the project was likely to be almost $600m, and considerable gloom set in as to its eventual prospects, even assuming it could be completed.

Complexity

The gloom was compounded by the great complexity of erecting the factory, for which a contract was awarded to the British company Capper Neill International. Under the terms of the contract with Technip Kenana had to arrange the civil works on the site and the erection and commissioning of the plant. All this involved different consultants and contractors, linguistic and nationality problems—compounded by the elaborateness of Technip's detailed design and the size of the plant. It was the difficulty of erection and commissioning that led to the further slippage of the starting-up date of the project to February, 1980, with the loss of a second crushing season.

Kenana finally decided in late 1979 to award a five-year contract for the management of the factory to Arkel, the consultants who did the basic design and supervised its construction.

The first phase of the factory crushed some 500,000 tons of cane in the 1979-80 season, yielding a modest 22,000 tons of sugar mainly because of the age of much of the cane. This was because the development of the agriculture and factory had got out of phase. It had earlier been intended that in the current 1980-81 season some 240,000 tons of sugar should be produced, but this target was reduced to 150,000 tons because of the delay in the construction of the final pump station which prevented the irrigation for the additional cane.

With the factory coming into operation and the world sugar price at high levels, the major shareholders' attitude to Kenana changed. The capital had last been increased in autumn 1978 with the Government of Saudi Arabia taking a stake (at the same time Lonrho and Kenana reached an amicable settlement and Lonrho was given some more shares). Now a big capital restructuring operation was proposed, in order to bring in new funds and convert loans which shareholders had made to Kenana into equity.

In the end Kenana's share capital went up from Sudanese pounds (S£80m to S£330m, by the addition of S£126m-worth of preference A shares (representing new capital) and S£123m in preference B shares (representing converted loans and rolled up interests). In dollar terms Kenana gained $162.5m worth of new capital and now has equity of $412.5m.

The Sudan Government is the largest single shareholder (with 34.2 per cent), the Kuwait Government is just behind it with 33.2 per cent. With the addition of the stake held by the state-owned Sudan Development Corporation and the new stake taken by the state-owned El Nilein Bank, Sudanese state interests hold 41.8 per cent of Kenana.

The loser of this operation was Lonrho. A motion was passed depriving shareholders with less than 4 per cent of the total new equity a seat on the board. Lonrho did not have a big enough existing stake to entitle it to subscribe to enough new shares to meet this qualification, and a court action to contest the ruling did not succeed. So the original promoter of the Kenana sugar project, whose vision is now coming to be respected, owns only 0.8 per cent of it.

J. B.

KENANA SUGAR COMPANY

Total shareholdings in million Sudanese pounds (S£1=$1.25)

		%
Democratic Republic of Sudan	112.5	34.2
State of Kuwait	109.3	33.2
Kingdom of Saudi Arabia	39.1	11.9
The Arab Investment Company	39	11.9
Sudan Development Corporation	18.1	5.5
Lonrho	2.6	0.8
Nissho Iwai	0.9	0.3
Gulf Fisheries	0.9	0.3
El Nilein Bank	6.8	2.1
Unsubscribed	0.8	
TOTAL	330	

Rising harvest

CONTINUED FROM PREVIOUS PAGE

The harvesting operation is under the control of only three expatriates, led by Mr. Clive Collins, who is English. They have the crucial job of trouble shooting, providing momentum and gently imparting discipline. Each of the four harvesting operations currently in progress is under the direct management of a Sudanese supervisor, with two co-ordinators under him.

The 24-hour operation requires constant mechanical maintenance in the field and Kenana has a highly sophisticated workshop with computer-controlled stores in Khartoum. The workshop is controlled by Mr. Kim, leader of a team of Koreans who had to flee from the sugar plant they were working on in Iran at the time of the revolution. Mr. David Pearse is the argicultural manager for the whole scheme and he has been with the project — with only a brief interlude in Somalia —since it began.

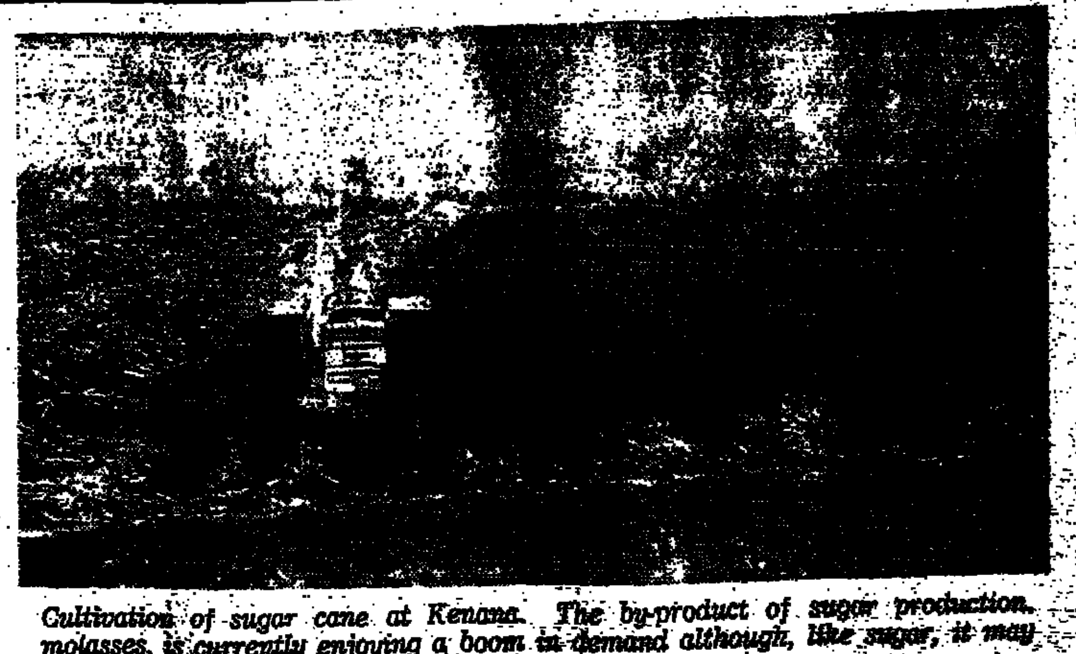
Bonuses

To maintain and increase productivity the Kenana management uses financial incentives and bonuses to supplement training. These are particularly important for the hand cutters —itinerant workers from the south and west of the country who are specially rewarded if they cut two tons of cane a day. Currently Kenana is employing between 400 and 500 hand cutters, but there are problems in getting enough and the scheme must not lure hand cutters away from the country's four other sugar schemes, all of which have difficulty in finding enough. So only about 10 per cent of Kenana's cane is currently being cut by hand.

As efficiency improves and the mechanical harvesting teams' experience grows, daily output is gradually rising, and the teams are achieving more days of 22 to 24 hour operations. The harvesting season (the estate's first full season) began in November and in the first 78 days to January 31 some 345,000 tons of cane had been harvested, yielding 30,500 tons of sugar—an average yield of 8.83 per cent.

The average tonnage of cane per feddan has so far been 43 tons, suggesting a yield of 3.8 tons of sugar per feddan, but these average yields include much old, low-sugar content cane harvested at the start of the season—current yields are running higher. The final outcome for the season will depend on how well the sucrose content of the cane holds up as the temperature gets hotter in April and May.

J. B.



Cultivation of sugar cane at Kenana. The by-product of sugar production, molasses, is currently enjoying a boom in demand although, like sugar, it may not be maintained

Sophistication in the African hinterland

EARLY THIS month the Kenana factory developed an appetite for cane which was almost embarrassing for the agricultural sector. The factory consists of two identical trains or phases, and the second one was brought into full operation earlier than had been expected, giving the plant a cane-crushing capacity not far below its rated capacity of 17,000 tons a day.

Things had gone so well this season that by the end of January, after 78 days of operations, the factory was about 50 per cent ahead of its schedule on cane crushing and nearly 100 per cent ahead on sugar production. In a new, sophisticated factory deep in the African hinterland there are plenty of things that may go wrong which would prevent Kenana reaching its intended target of producing 150,000 tons of sugar by the end of the season in May. But the 30,558 tons produced so far, at high levels of factory efficiency, have created a sense of elation both at the factory and on the Kenana site in general.

Mr. Francis Shaffer, the American factory manager, comes from Arkel, the U.S. consultants from Baton Rouge, Louisiana, who did the outline design for the factory, supervised its construction and now have a contract to manage it.

Kenana is, in effect, two sugar factories built back to back, with separate processes from the mills to the boiling pans, but sharing the same power supply. (In the sugar-making process itself either phase can be used, irrespective of the milling tandem from which the cane juice came.) Six high pressure boilers provide steam which is used to drive the factory machinery, in the sugar-making process itself, and to power the four turbine generator sets which provide the factory, the pump stations and the entire estate with electricity.

The principal reason for having one single plant rather than two or more smaller ones on the same estate is to obtain maximum economy of steam use and maximum power generation from the available bagasse. The power plant has a rated capacity of 40 MW, considerably more than is currently needed, but giving Kenana the potential to supply the hungry Sudanese grid with power, as it did for a time last summer by burning furnace fuel. The boilers and turbo-generators were supplied by the Japanese company Nissho-Iwai.

Kenana is thus a more complex plant to operate than most sugar factories, and this is compounded by the elaborate design, especially in the piping, made by Technip, the French company which did the detailed design and supplied the rest of the equipment for the factory. For this, and other reasons, the factory requires a very big staff —1,300—of whom some 300 are expatriates out of the total number of 500. While 50 of these are appointed by Arkel, the majority come from other developing countries, notably India, Pakistan, Korea, and Central American countries: altogether 31 native languages.

Mechanical

The chopped cane enters the factory by means of the mechanical unloading system which takes the containers off the lorries, and tips them out on to the feed table. The cane is then cut and shredded before it enters the mills. Kenana has seven mills in each phase, each consisting of three massive 90-inch rolls, which progressively squeeze out the cane juice. Each mill is driven by its own steam turbine.

The high number of mills at Kenana reflect the fact that being an irrigated scheme the emphasis is on obtaining a high rate of sugar recovery, rather than simply on throughput, as in plants where fixed costs are lower.

After being milled the cane juice is treated with lime and then clarified, to remove mud and impurities. Then the clear juice is evaporated to form concentrated syrup. Next it goes to the boiling house where the sugar is crystallised from the syrup by boiling it under vacuum in nine vacuum pans. Finally the sugar is separated from the molasses by passing it through centrifugals.

By reboiling the raw sugar (which looks rather like domestic brown sugar) it is possible to make what is called mill white sugar, which is a rougher and more uneven—but at 99.7 per cent purity perfectly acceptable—form of the white sugar one eats in Europe. This is the sugar which Kenana sells to the Sudan Government for the Sudanese market.

However, the factory does include a refinery as well, which makes it virtually unique among the world's very big cane sugar plants (usually refineries are in industrial countries). Refineries are used to make white sugar of the pure and even kind that people in the Western countries —and increasingly in the richer Arab countries — are used to. The refinery process uses flue gases from the boilers to purify the sugar, which is remelted and then reconstituted.

So far the refinery is not in production, though it has been successfully tested. Sugar is so much sought after on the Sudanese market that no one needs refining sugar, and in the refining process some 5 per cent of the sugar is lost.

Mr. Shaffer is optimistic. He believes that the factory could easily operate above its design capacity of crushing 17,000 tons of cane a day—"I will be disappointed if in a year or two we are not crushing 20,000 tons a day or more," he says. This makes him greedy for more cane. With at least 16 MW surplus power generating capacity there are no constraints on power for pumping extra irrigation water and the cost of extending the acreage of the scheme to raise the tonnage of cane produced would not be very great. If throughput were increased at high levels of efficiency the scheme would become more profitable, but before that happens Kenana must reach its first target: 81,000 feddans under cane producing 330,000 tons a year.

J. B.

Sudan on a hard road to economic recovery

WHEN President Nimairi came to power in 1969 he initially pursued a strongly Socialist policy of nationalisation and expansion of the State sector. He quite soon changed his mind and Sudan gradually, and then with quickening speed, embarked on a development drive with the aim of becoming a big food producer—"the breadbasket of the Arab world."

Many productive projects (such as Kenana) and infrastructure schemes (such as an all-weather road from the heart of the country to the coast) were launched. But the pace was too hot. The transport system could not stand the strain; the boom in the Arab oil states sucked away manpower whose remittances went into consumption, not investment; and the enlarged State sector, whose scope is only gradually now being reduced, was rarely able to meet the challenge of the development drive.

Inflation rose, the balance of payments worsened alarmingly and a vicious circle set in as shortages of foreign exchange caused the rundown of many institutions and economic installations. State-owned concerns suffered most—trapped too by absurd regulations often preventing them paying economic wages. Arrears of unpaid commercial debt mounted. Sudan's Arab aid donors refused to put in the balance of payments support needed to sustain the development programme (and make possible the disbursement of their capital aid) until Sudan slowed down the development drive. Finally, in June, 1978, Iraq cut off oil supplies until payment was received.

That was the turning point. Sudan devalued its currency and accepted the International Monetary Fund's terms of assistance. In 1979 it signed a three-year agreement with the Fund and commenced a formal programme of economic rehabilitation and reform.

It established a two-tier exchange rate system which helped the inflow of foreign exchange from remittances and set about renegotiating its debt, first with export credit agencies (an agreement in late 1979) then with commercial banks (an agreement in principle at the end of last year). The two agreements cover approximately $1bn of arrears of debt on total borrowing of about $3.5bn.

The past two years have been hard for Sudan, with very high inflation rates (the initial result of devaluations), low growth, reduced supply of consumer goods and austerity in public spending. Despite balance of payments assistance from the IMF, the Arab Monetary Fund and some aid donors, there is still a big payments deficit, amounting to $504m in 1979/80 and estimated at $784m for the current financial year ending in June.

Exports estimated at $500m this year (mainly of cotton and groundnuts) will be largely accounted for by an oil bill of $400m. Despite this latter spending petrol shortages have become common in the hot summer months—which in the past three years have been further aggravated by long electricity cuts caused by a fragile power supply system and rapidly rising demand (due to urbanisation and rising affluence).

For the moment the emphasis in Sudan is on completing current projects (like Kenana), raising production from new ones which have yet to produce at capacity, and rehabilitating existing schemes such as the 2m-acre Gezira irrigated agricultural scheme, which have had their productivity eroded by shortage of foreign exchange, mismanagement and unfavourable terms of trade. The World Bank is currently implementing two programmes totalling just over $200m for rehabilitating irrigation schemes and State corporations; other rehabilitation schemes are in the pipeline, for few new projects are going ahead.

Inflation is coming down, though it was at between 20 and 25 per cent in 1980. The all-weather road from Port Sudan to the central producing areas of the country is at last complete, bringing the Red Sea within a (very hard) day's drive of Khartoum instead of the seven days of a few years ago. Other roads are being built. A pipeline to bring petroleum products up from Port Sudan is at last working reasonably well. In 1980 the tonnage for freight carried by the railways rose for the first time in a decade.

Unfortunately the balance of payments outlook for this year is not good. Cotton production for the current season is likely to be low because of disease and labour shortages. Groundnut output is down too, so exports could be only $500m in 1980-81—their lowest since 1974-1975. The country badly needs to raise productivity in agriculture and industry but there is a long way to go. A programme for regional government will put further strain on revenues restricted anyway by the low tax base.

One bright spot is oil. Drilling by Chevron in the remote south west has so far proved sufficient reserves to justify building a small refinery with a capacity of 10,000 barrels a day (b/d). It is to be built—with finance now being negotiated from the World Bank—at Kosti, heart of the railway, road and river distribution system for the west and the south. The oil will be brought there by pipeline.

The refinery could later be expanded to 25,000 b/d, but this will not be sufficient for Sudan's oil consumption, currently held down by sheer unavailability of supplies to about 35,000 b/d. Nevertheless, when the refinery comes into operation in the next two or three years the balance of payments will enjoy a substantial improvement, even though big deficits are forecast for the next decade.

Where does Kenana fit into all this?. It should in two years' time be producing 300,000 tonnes of sugar a year. If the four state-owned sugar plants can by then together produce a similar amount Kenana will be able to export 150,000 tonnes of sugar; Sudanese consumption is put at 450,000 tonnes. It should add to GNP either by exporting molasses or by processing them into power alcohol and other products within Sudan. It can help increase the national electricity supply through its enormous power station during the crucial summer off-season—as it did for a time last year.

But perhaps the most important thing it can do will be to demonstrate that with good management and drive it is possible for things to work well in Sudan. If that lesson can be learnt then Sudanese morale will rise and the possibilities for the country will become almost boundless.

J. B.

Volatile market for sugar

WORLD SUGAR prices are notoriously volatile. So perhaps it is as well that Kenana production will go mainly to a guaranteed domestic market making a surplus output for export on to the world markets unlikely for some years to come.

Nevertheless the financing, and development, of the whole project is inextricably linked to the world market. Producing sugar, which is valued at over £300 a tonne on the world market, seems to make a lot more sense to backers of the project than when the price was at a depressed level of below £90 a tonne only two years ago.

The economics of the project must be looked at in the light of the world market and whether supplies at a cheaper price are likely to be available elsewhere. Currently it appears that the timing behind the Kenana project was well conceived. It was started during a period when the world market was in an extremely depressed state and has come on stream when prices are at a high level, even though some of the boom conditions have faded recently.

There are two schools of thought in the world sugar market at the moment. One argues that there is still a fundamental shortage of sugar in the world with production failing to keep up with the growth in demand, especially in the developing world. It is claimed that the recent setback in world sugar prices has been caused mainly by outside factors, such as the high U.S. interest rates and the fall in gold bringing a general withdrawal by speculators from the commodity markets, including sugar.

The other side of the market claims that sugar prices have been inflated artificially, and that the high prices will encourage increased production, but reduced demand aggravated by the competition from low-price high fructose maize syrups (isoglucose). This would fit in with the traditional pattern of world sugar price movements, where a boom period has inevitably been followed by a longer period of depressed prices.

The world "free" market for sugar, traded internationally, is something like 19m tonnes a year; having increased substantially following the end of the U.S. Sugar Act that controlled imports. It is, however, essentially a residual market since world production of sugar is nearly 90m tonnes a year.

It is the limited size of the world market that tends to make it so volatile and vulnerable to shortages and surpluses. While Kenana's production is not significant in world terms, for example, increases in output like this do have a greater influence on the much smaller world market.

Attempts are being made to stabilise the world market by the International Sugar Agreement, which has an agreed "floor" and "ceiling" price, negotiated by the exporting and importing countries. At present, however, the Agreement is not in operation because market prices have risen well above the agreed "ceiling" level and all reserve stocks, put aside during the period of surplus, have been exhausted.

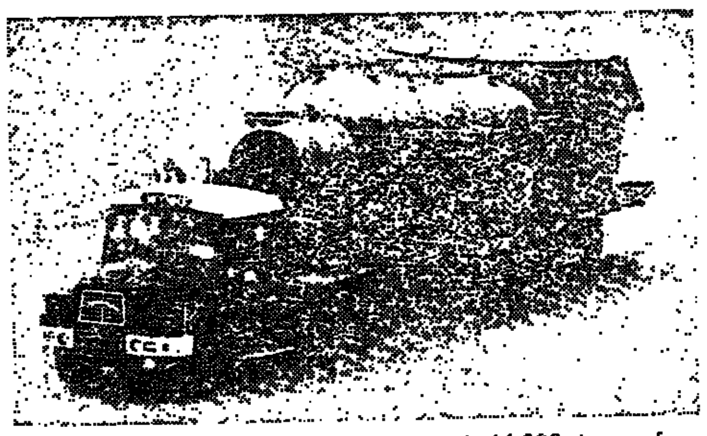
The market is supposed to be controlled by the allocation to individual exporting countries of quotas, which are raised and lowered according to the behaviour of the market. These quotas are hard fought over with the amount allocated often more dependent on political considerations than supply requirements. Past history has shown that the Agreement is a very imperfect weapon in seeking to control the free market given the inherent price volatility of residual supplies.

Going by past experience, it would seem that the world market could well be in a depressed period just when Kenana has sufficient production to start exporting sugar. This prediction, however, must be subject to how weather conditions affect crops in the main producing areas in the next few years.

Surplus

The stage is set for a considerable expansion in output that would, if fulfilled, recreate a surplus, at least temporarily. But this increase may not be achieved, and at the same time the underlying growth rate of sugar consumption, moving up in the developed world as living standards rise, does not exceed the average growth of production, so projects like Kenana are needed to help keep supplies in balance with demand.

It makes sense for new supply sources like Kenana to be close to the areas of greatest potential increase in demand. This avoids the trials and tribulations of competing in the uncertain and volatile world market, where the benefits of earning foreign exchange can be eroded by receiving uneconomic prices. Kenana is already involved in one world market, however: molasses, the valuable by-product of sugar production.



The construction of Kenana meant 44,000 tons of equipment had to be transported across the desert to the site by truck or rail. The largest items were carried on giant lorries by the British specialist contractor Robert Wynn

Molasses is the black viscous liquid left after the maximum amount of sugar has been extracted and at one time it used to be thrown away. Those days are long gone, since molasses are now a valuable source of extra revenue with its own international trade market of over 5m tonnes out of the 30m tonnes produced annually. Its prime use is in animal feed and as a raw material for making alcohol and other chemical and food products.

The market for molasses is booming at present, with the world-wide shortfall in feed-grains helping to boost demand and prices. Like sugar this boom could soon fade, and the particular problem is that molasses have to be disposed of whatever market conditions are like. Storage facilities attached to any refinery are naturally limited to a specified capacity so there has to be a continuous disposal of molasses, especially if the refining process is not working as efficiently as hoped. This is a special difficulty during the early days of refining when there are inevitable teething problems. As a relatively low value product, which is difficult to transport, the sale and export of molasses is far from easy.

In the case of Kenana, in view of its distance away from the nearest port, there is a considerable argument in favour of converting the molasses into alcohol which could then be converted for other uses in nearby Khartoum.

Whether or not it is worth while further processing the alcohol produced from molasses and sugar cane into "gasohol" that can be added to petrol and save expenditure on oil imports depends on the economics of individual countries. But it is true that the cost of transport, and other facilities required, is a significant factor in earnings from the export of molasses where prices can be just as volatile as those in the world sugar market, being influenced mainly by the trends in other animal feed ingredients.

John Edwards

Efficiency the key to the future

THE SUCCESS of Kenana depends on two factors: its own efficiency and the sugar market. The time of alternately euphoric and despairing comparisons of the current cost of the project with the world sugar price is over. The project is now being tested in the real world.

No one denies that Kenana will be expensive to operate. The complexity of the factory requires large numbers of non-Sudanese, who must be relatively highly paid and properly accommodated. Efficient operation of the factory requires predominantly mechanical harvesting, which is a heavy consumer of fuel and spare parts, and a user of skilled manpower, especially in its maintenance.

Alexander and Baldwin Agri-business (ABA), consultants to Kenana, recently estimated the cash operating expenses of Kenana when at full production at $283 per ton. Adding allowances for depreciation, amortisation and debt servicing to Kenana's operating costs, the consultants put the total operating expenses at full production at $470 per ton. This is despite the fact that the 1980 capital raising operation converted a large amount of shareholders' loans into equity, but of the $614m capital cost estimated in May 1980 some $200m is still accounted for by supplier credits and cheap loans from Arab oil funds.

Kenana signed an agreement with the Sudan government in 1975 to sell the first 150,000 tons of sugar to the state, for local consumption. The company has the right to export the second 150,000 tons, and any additional sugar would be divided equally between the two markets, provided it had not been previously committed for export by Kenana. Under this agreement, the first 150,000 tons would be bought on the basis of a complicated cost plus formula.

This formula is now mutually agreed to be too complicated and obscure to operate, and is being renegotiated by a sub-committee of Kenana's board, composed entirely of non-Sudanese led by Kuwait. It is unlikely that a price will be formally agreed for the current 1980-81 season before it ends in May and it is known how much sugar has been produced. For the relatively modest 22,000 tons produced in the 1979-80 season the Government ultimately paid a subsidised price that worked out at the local equivalent of nearly $1,500 per ton. This would not be repeated, but the existence of the 1975 agreement gives Kenana some bargaining power in obtaining a good price for 1980-81.

However Kenana is not very interested in piling up big balances of Sudanese pounds, which may be difficult to convert into the hard currency necessary to pay for its spares, fertilisers and foreign workers. In the 1981-82 season it hoped to produce more than 250,000 tons, compared with the target of 150,000 tons this year, which would bring it into the export bracket.

The export domestic sales formula was based on the assumption that by now Sudan's four other sugar plants would between them be producing about 300,000 tons, so that with Kenana's 150,000 tons for local consumption the national demand of 450,000 tons a year would be met from local production. Unfortunately declining or stagnant production at the two older state-owned factories, and serious problems with the two newer ones, mean that these four plants are unlikely to produce much more than 130,000 tons this season, and there is unlikely to be a dramatic improvement next year, despite official claims to the contrary.

This means that Kenana's production above 150,000 tons next year will almost certainly have to go to the home market. The key question will then be how much the Sudanese government pays for it and in what currency. Kenana's shareholders, among which the Sudanese Government have interests in just over 41 per cent, will certainly make strong representations for Kenana to be paid in foreign exchange or in easily convertible local currency on the basis of the then prevailing world price. They can argue this will still represent a substantial saving to Sudan because of the very low transport costs it will be paying Kenana sugar in comparison with imports.

Morale

From the point of view of Kenana's shareholders it is a considerable boost to morale, and a useful bargaining counter, that the world price for raw sugar rose to a five-year peak of £410 a tonne last year and is still well above the depressed levels of recent years. At these price levels, Kenana would, if in full production, be operating at above its break-even point.

At present, that is academic. Dr. Bashir Abbadi, Kenana's chairman, told the Financial Times that he expected Kenana to achieve a positive cash flow during 1982 with the prospect of making a real profit sometime thereafter.

Considerable sums of money are having to be pumped into Kenana over and above the capital cost of the project before positive cash flow is achieved. The capital increase operation in May 1980 was based on the assumption that $124m would be needed for fixed asset replacement, working capital and loan repayments and interest. This was before the cash flow was required for operations up to 1982, estimates for which were based on what turned out to be an over-optimistic prediction of output in the 1979-80 crushing season. It is understood that an injection of a further $25m or so may be required to see the project through to mid-1982.

In the medium term the shareholders have reasons for being relatively optimistic. The coming five years is thought to be good. Greatly increased production may be hoped for from the other sugar plants in Sudan, which would free Kenana to export. (The Government has requested the British company Fletcher and Stewart to take over the management of the two newer factories which it built.) Rates of depreciation on much of Kenana's equipment are high, but not all the equipment will actually need replacing.

On the other hand, the possibility of Sudan having a balance of payments deficit for the next decade will limit foreign exchange available for dividends. It is also ironic that most of Kenana's non-Sudanese shareholders are Arab countries, which will doubtless be called upon to help meet this deficit.

To a considerable extent Kenana's performance depends on the plant attaining and keeping up high levels of efficiency. The initial signs are good, but to maintain efficiency requires constant control by a commercially minded management and a steady flow of foreign currency. Of the crucial question of the Sudanisation of expatriate personnel Dr. Abbadi says: "Wherever we have a competent Sudanese to replace an expatriate we will put him in. But we won't compromise talent for nationality. This is a regional and international scheme."

To improve return on the capital invested in Kenana, and especially the factory, it would be quite feasible to expand the irrigated acreage of the scheme at a marginal cost and obtain a higher cane throughput than the design capacity of 17,000 tons a day—though this would put an extra strain on the logistics of the harvesting operation. There is also considerable discussion of different plans for utilising molasses in the Kenana area while there are by-products that could be made from surplus *bagasse*, such as paper sacks or chipboard. These could make Kenana an important industrial complex for the whole country.

J. B.

WORLD STOCK MARKETS

Dow advances 5.16 at 1pm

PRICES WERE rising again in active trading at 1 pm after a bout of profit-taking had run its course. Institutions appeared to have decided the market faced little risk of moving down in the short-term and were doing some selective buying after stepping aside for a while.

The Dow Jones Industrial Average was up 5.16 at 959.56 and advances led declines on volume of 41.8m shares (31.3m). The NYSE All Common Index advanced 49 cents to $73.95.

Volume leader **Sony** climbed ⅜ to $17½, and **Getty Oil**, in second place, ⅞ to $70⅞. A block of 380,600 Getty shares moved at $70½ and another of 100,000 at $70⅞.

Texas International added $1½ at $40⅞. It has been strong since announcing a Louisiana gas find this week. **Dyco Petroleum** gained $1½ at $32, after finding gas in Oklahoma.

Among Blue Chips, **Du Pont** firmed ⅛ at $49, **International Paper** $1 at $46½, **Minnesota Mining** $1 at $62, **General Electric** ⅜ at $67⅜, **Merck** $1½ at $82 and active **Eastman Kodak** $1½ at $77½.

THE AMERICAN SE Market Value Index gained 1.31 to 335.22 on volume of 34.3m shares (32.9m).

Universal Resources added ½ at $30½, **Houston Oil** ⅜ at $48½ and **Numac Oil** $1⅛ at $26⅞, all in active trading. Active **Adams Resources** put on ⅜ at $32⅞ on top of a 5½ point rise on Wednesday. It still does not know if a Texas hydrocarbon find will be a commercial well.

Active **Kirby Exploration** surged $30 to $270.

Volume leader **Syntex** lost $2⅛ to $58½. It reported higher fiscal second quarter net, but analysts said the results were below expectations.

Canada

Prices advanced moderately in busier noon trading, with gains leading losses 219 to 148.

Closing prices for North America were not available for this edition.

The Composite Index rose 3.3 points to 2,172.3 after an 8-point decline on Wednesday.

Oils were generally higher with **Dome Petroleum** up ⅜ to C$79½, **Aquitaine** ½ to C$42½, **Petrofina** ½ to C$110½, **Turbo** ⅜ to C$29½ and **BP Canada** ½ to C$42½. *Gulf Canada was down* ⅛ to C$25⅞. The Oil and Gas Index advanced 11.8 to 4267.4.

Massey-Ferguson fell 5 cents to C$4.75. It reported a first-quarter operating loss in line with projections.

Volume leader **B. C. Resources** was unchanged at C$5⅞ on 85,470 shares, including a block of 66,000 at C$5⅞.

Noranda was up ⅜ to C$37⅛, **Bell Canada** ⅛ to C$19 and **Stelco "A"** ⅜ to C$35⅞.

The Golds Index fell 39.3 to 3851.8.

In Montreal, Industrials eased 0.13 to 361.96 but other sectors edged ahead.

Germany

Share prices slipped in quiet trading with foreign buyers largely absent from the market and the Commerzbank Index *eased 3 points to 671.4.*

In Engineerings, **KHD** shed DM 3 to close at the day's low of DM 170, for a loss of DM 5 in two days, after reporting higher sales last year but lower domestic demand.

AEG recovered from a slightly weaker opening to close at DM 60.50, off 10 pfennigs. The company reported higher turnover, and said its balance sheet loss would be about DM 300m in the year.

Stores were mixed and Motors easier.

Domestic bonds fell up to 1 point, the Bundesbank buying DM 2.1m of paper.

Mark Eurobonds were mixed with a weaker bias.

Paris

Prices tended mixed in quiet trading, with no big new factors. News that French retail prices rose faster in January than in December had been expected and did not have a signficant effect.

Metals rose and Electricals were down. Other sectors were uneven.

Among companies in the Empain Schneider group, which announced that Paribas had taken a significant stake in the consortium, **Creusot-Loire** firmed to FFr 83.8 and **Marine-Wendel** gained 50 centimes to FFr 39.

In the foreign stock sector, Americans, Oils, and Japanese were up, Coppers were mixed, and Germans as well as Gold Mines fell.

Amsterdam

Prices were mixed to firmer, with **Royal Dutch** gaining Fl 1.30 at Fl 207.8 and **KLM** Fl 0.3 at Fl 79.5 in otherwise steady Dutch Internationals.

Nedlloyd rose Fl 3.30 and Banks were narrowly mixed. **Robeco** advanced Fl 2.5 and **Rolinco** Fl 3 in mainly higher Investment Funds. Insurances rose. Publisher **Elsevier** dropped Fl 2 and Mortgage Bank **WUH** lost Fl 6.

Tokyo

Share prices closed mixed in light trading, with Blue Chips and high-priced Electricals continuing to rise, while front-runners in Drugs and Foods fell on profit-taking.

The Nikkei-Dow Jones Average fell 1.42 to 7,120.24, on volume of 270m shares (300m), but the Tokyo Stock Exchange Index rose 1.31 to 506.25. Advances headed off declines 338 to 305.

Among Electricals, **TDK** rose Y120 to a record Y4,020.

The Matsushita group companies continued to rise sharply, with **Matsushita Elec.** up Y11 to Y880, while **Victor Japan** gained Y160 at Y2,790, **Pioneer** Y60 to Y2,980 and **Sony** Y30 to Y3,490.

Precisions, Heavy Electric Machines and Constructions were also higher, with **Canon** up Y10 to Y855, **Mitsubishi Elec.** Y2 to Y211 and **Kajima Construction** Y6 to Y296.

Australia

Industrials were firmer but Metal Miners and most Oil and Gas issues were easier. The All Ordinaries Index moved up 0.8 to 651.9, but Metals and Minerals were 0.6 lower at 574.1 and Oil and Gas 3.5 down at 841.5. The same pattern was seen in Melbourne.

Waltons was 5 cents up at A$1.11 with earlier trades to A$1.12 as an unknown buyer improved Bond's on-marked offer of A$1.10 a share.

CSR rose 14 cents to A$6.46, and **Central Pacific** 10 cents to A$5, and **MIM** was steady at A$3.85, but **BHP** fell 5 cents to A$13.50, **Western Mining** 4 cents to A$4.56, **Bougainville** 2 cents to A$1.58 and **CRA** 10 cents to A$4.35.

Hong Kong

Stocks closed lower in quiet trade, after profit-taking and uncertainty about future market trends eroded the morning's steadiness. The Hang Seng Index finished 32.01 lower at 1,500.19.

Among leaders, **Cheung Kong** fell HK$ 1.25 to HK$ 34, **Jardine Matheson** 80 cents to HK$ 25.20, **Hutchison Whampoa** 30 cents to HK$ 17.20, **Hongkong Kowloon Wharf** 25 cents to HK$ 9 and **Hongkong Shanghai Bank** 20 cents at HK$ 22.

Hongkong Electric shed 20 cents at HK$ 7.90, **Swire Pacific A** 30 cents at HK$ 15.50, **Hongkong Land** 20 cents at HK$ 11.60, **Hang Seng Bank** HK$ 3 at HK$ 168 and **Wheelock Marden "A"** 20 cents at HK$ 7.30.

Sun Hung Kai Properties lost 90 cents at HK$ 17.50, **Carrian** 40 cents at HK$ 7.40, **Hongkong Telephone** 50 cents at HK$ 26.50 and **New World** 15 cents at HK$ 6.45.

Johannesburg

Gold shares closed lower as the bullion price continued to ease. Overall, the market was dull and volume thin.

Heavyweight Gold producers shed up to R275, while lesser priced issues generally lost between 10 and 50 cents.

Mining Financials also eased where traded, while Platinums and Coppers firmed a shade. De Beers eased 10 cents to R920.

Industrials mostly firmed.

NEW YORK

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

SWEDEN

SWITZERLAND

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.90 (Discount of 29½%)

COMMODITIES AND AGRICULTURE

EEC food export contracts plan

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission is poised to inject a new and controversial element into its farm price package with a proposal for basing some of the Community's £8bn a year trade in subsidised food exports on long-term supply contracts.

This would be a radical new development in the EEC's agricultural export policy which could bring new tensions to relations with other leading food exporters such as the U.S., Australia, New Zealand and Argentina.

It will also divide member states with France leading a majority behind the Commission's proposed regulation with, perhaps, only the UK mounting any significant opposition. The British may take the view that long term contracts are a form of "institutionalised dumping" which will lead to an expansion of subsidised exports from the EEC's food mountains.

This could add further cost to the Community budget, and in turn damage countries such as Australia and New Zealand as well as third world producers whose economies are heavily dependent on world food prices.

Australia has for many years been a vociferous critic of the EEC's food export policies which it claims depress work markets through the elaborate use of subsidies aimed at bridging the gap between lower world market prices and higher prices guaranteed Community farmers and traders.

However, as the Commission is likely to acknowledge when it discusses the proposed regulation next week, there are strong arguments in favour of adopting an export policy more akin to that of other big food traders.

Supporters claim that sensibly applied it might help raise world prices and reduce the cost of EEC export subsidies which last year totalled £2.8bn. It would also satisfy a demand—both Egypt and Algeria have recently asked for such agreements with the Community — which could help build up a food export trade and, in the process, reduce the EEC's agricultural trade deficit of £13bn.

The Commission plans to link the plan to its farm price package first discussed by Agriculture Ministers last Tuesday. France, whose £2bn a year food export trade is the largest of the Ten, has long been anxious to develop a broader EEC export policy. Commission officials hope that the proposal will soften French opposition to other aspects of the farm price package, particularly the moves to limit for the first time price and intervention guarantees across a whole range of products.

Danish cut squeezes UK bacon curers

BY RICHARD MOONEY

THE BRITISH bacon market was put under further pressure yesterday when Danish suppliers decided to cut their wholesale price by £40 to £1,180 a tonne. This forced British curers, already in a difficult financial position, to trim another £25 off their own official prices. For most this took the price down to £1,160 a tonne.

It is not certain, however, how much of the British price cut will be reflected in shop prices. Curers have been selling at £100 or more a tonne below the official price and some, if not all, of the £25 reduction may be swallowed up in reduced discounts.

What reduction does work through to the retail level is likely to be concentrated on rashers. Fore-end joints and gammons have enjoyed a relatively firm market recently. Danish rashers should come down 2p or 3p a pound.

ESS-Food, the company which imports Danish bacon to Britain, said yesterday's cut meant its wholesale bacon price had come down by £100 a tonne, or over 4p a pound, in five weeks. The price is now 4 per cent lower than it was a year ago, it added.

The company's managing director, Mr. Svend Bernsen said: "We decided to reduce the price because many of our competitors have in fact been giving substantial discounts on their official prices and we felt that a price reduction for Danish, which is the market leader (with a 43 per cent share) would give the market a real boost."

FMC, Britain's biggest curer, gave its contracted pig suppliers notice last month that any further cut in profitability could force it to break its contract with them. A company official said yesterday that the latest cut could probably be absorbed without cancelling the contract, but warned that it brought the "moment of truth" a step nearer.

With any luck, FMC should be able to last out the two months remaining on the current contract.

Tapioca agreement attacked

HAMBURG—The effect of the medium term agreement between EEC and Thailand to limit Thai imports of tapioca into the EC has so far been totally negative, Mr. Henning Meybohm, chairman of the feedstuff traders and importers group at the Hamburg bourse said.

He said the agreement has damaged greatly Thailand's development and agricultural structure, while EEC intentions have been thwarted by substitution of tapioica by other cereal derivatives and not by grains.

Community grain target proposed

BY OUR COMMODITIES STAFF

THE EEC Commission yesterday spelt out in detail how the cereals sector would be affected by its proposals to extend the co-responsibility principle to curb over-production of surplus farm products.

Reuter, reporting from Brussels, said the Commission proposed a basic grain crop level of 69.6m tonnes (including a 46.9m wheat harvest) for the Community. If annual harvests exceeded this level the degree of guaranteed price support for farmers would be reduced.

The suggested basic crop levels are based on average cereal production during the last three marketing years, and the Commission said they should be agreed for a three-year period before being accepted.

Under the Commission plan, if production exceeds the basic quantities, the intervention price would both be reduced by lowering intervention and reference prices 1 per cent for each percentage point increase in output.

The proposed 1 per cent cut in support prices is below what would be needed to offset disposal costs fully, which would mean a 1.7 per cent cut on the basis of recent data, the Commission said.

However the proposal is intended as a moderate one, it said, adding it proposes to tighten quality controls on bread-making quality wheat for which price support is sought.

Describing how the price support modification will work, it said quantities bought in at the start of a marketing year will be paid for at a provisional rate, with final payment when the actual harvest is known.

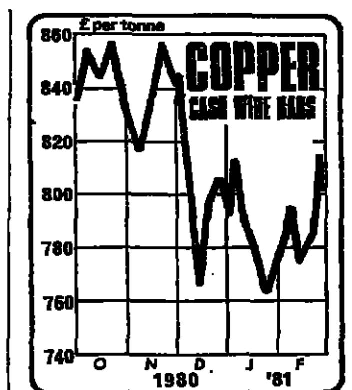
Any reduction in support prices reflecting higher harvests would normally be reflected in lower market prices, resulting in falling export refunds under the EEC's subsidised export system. Thus the two main costs involved in disposing of surpluses would be simultaneously reduced, the commission said.

The reduction in price guarantees proposed if harvests exceed the basic level suggested would be subject to a maximum decrease in guarantees of 5 per cent, the Commission said.

Groundnut crushings fall

LONDON — World crushings of groundnuts could be down 11 per cent to 5.78m tonnes in October / September 1980 / 81 compared with 6.52m tonnes last season, according to the weekly Oil World published in Hamburg.

The West European crush is forecast falling 56 per cent with a 63 per cent decline in Senegal, 50 per cent in the U.S., 40 per cent in Argentina and 20 per cent in Brazil.



Profit-taking hits metals

PROFIT-TAKING sales, after the recent rise, brought a geenral decline in London metal markets yesterday. Encouraging the downtrend was the fall in gold below $500.

Copper was hit too by the overnight decline in New York and a feeling that the market had become somewhat overbought. Copper cash wirebars closed £14 lower at £801.5 a tonne, after dipping below £800 at one stage. The recent upsurge in tin was reversed too with the cash price losing £32.5 to close at £6,120 a tonne.

Meanwhile in Brussels, Mr. K. M. Nyangezi, chief representative of Sozacom, the Zaire state-owned metals marketing organisation, emphasized yesterday that his company was determined to maintain the present cobalt producer price of $25 a lb, despite discounting by some producers.

He was commenting on a Reuter report yesterday in which a Sozacom official said cobalt prices were rather high considering the state of the market.

Broken Hill strike continues

SYDNEY — Miners at the Broken Hill, New South Wales, zinc, lead and silver mines voted to continue their indefinite strike in support of demands for a new wage contract. Fred Smith, Secretary of the Barrier Industrial Council, said.

He said the workers voted to strike until the Mine Managers' Association, which represents the mining companies, gives a satisfactory reply to their claims.

KIWI FRUIT

A self generated boom industry

BY JOHN CHERRINGTON, RECENTLY IN NEW ZEALAND

THE KIWI fruit or Chinese Gooseberry is the biggest development in New Zealand farming of late years and, according to the enthusiasts, the only one where returns have kept place with inflation.

The fruit, the size of a hen's egg, is a hard-skinned berry covered with hair like a gooseberry which originated in tropical jungle in China. It has been cultivated in other parts of the world but it seems to reach the peak of its size and succulence in certain sub-tropical areas of New Zealand where the intensity of the sunlight is tempered by the relative humidity of the atmosphere.

The main centre of the industry is at Tauranga in the Bay of Plenty, a district which was once considered almost useless agriculturally because of soil fertility problems. Apart from some citrus growing it supported not very prosperous dairy farming. About 10 years ago it was found that Kiwi fruit could be grown and the boom began.

The boom, I must say, has been largely self-generated. The plants take some six years to establish and the main growth up to now has been in the value of the land suitable and of course in that of orchards coming into bearing.

A 20-acre holding I was shown had just been sold for over NZ$1m which had cost a tenth of that a few years before. Bare land is now selling for NZ$10,000 an acre. Its agricultural value would even at today's inflated prices be worth no more than a quarter of that.

Output has not yet begun to reflect the vastly increased plantings. Along one road I was told there were 600 acres of developing orchards of which less than 20 were in production. Present output is an optimum of 2,000 trays an acre. Six years ago they were selling for NZ$3 per tray. This year's price is expected to be NZ$9 per tray. Better than anything else in New Zealand farming.

No one quite knows the extent of potential production in the country as a whole. But if the proportion of new plantings to those in bearing is, like this, an example, future output could be enormous.

As a farmer, I did not think the fruit particularly easy to grow. The farm I visited belonged to an experienced fruit grower, and I saw other examples around the area which certainly lacked his experienced touch. For instance the main requirement is shelter from wind. It is a waste of time planting before shelter belts have been established. The plots are about an acre in size completely sheltered by stands of poplar, willow or fir. These trees grow fast in New Zealand, and can reach 20 feet in six years, the minimum height for protecting the plants.

The plants are set out in lines at about 120 to the acre and the original plants only form the root stock to which the fruiting vines are grafted in the second or third year. The vines are carried on wires about 6 ft high. Irrigation has to be provided, especially in the establishment stage, and the plant can suffer as much from too much water as too little. It also has to be sprayed several times a year and pruned after every harvest.

The fruit is easily damaged by wind during the growing period by being rubbed against its neighbour and this can cause considerable down grading. Even a gentle breeze penetrating the shelter can cause damage.

For that reason I doubt if the explosion of production is really going to happen as soon as some people seem to think. This may also account for the large number of orchards for sale whose owners would sooner cash a capital gain than rely on a farming system which requires such a high degree of skill. So far every one selling out has made a good profit, and this cannot be said of many other such enterprises.

As to future markets, the only thing to be said is that in the history of farming no market has ever gone on expanding for ever, and the fruit can be grown in other parts of the world, although at present New Zealand is the pioneer in mass production.

Renewed crisis for Indian jute

THE INDIAN jute industry has, after a fairly prosperous period last year, again sunk into the red, according to Mr. K. K. Bajoria, chairman of the Indian Jute Mills Association. Mr. Bajoria says that the industry is losing Rs 750 a tonne because of sharply increasing costs. The industry is also compelled to carry a large redundant workforce due to the state government's refusal to allow the mills to work extra shifts.

The labour situation in the industry continues poor, leading to violence against and intimidation of management personnel.

This has led to lockouts in four mills. In one case, the workers are opposed to the installation of modern machinery which has already been imported.

The jute mills chairman says that sharply reduced exports of Indian carpetbacking to the U.S.—the mill's principal market product—has been a big cause of the industry running into losses. Carpetbacking exports totalled only 4,600 tonnes last January as against 14,000 tonnes in the same month a year ago. During January total jute goods exports fell to 34,300 tonnes compared with 37,400 tonnes in the same month a year ago.

Bangladesh, India's main competitor, however, has been in no such difficulty in maintaining its carpetbacking exports at a level of 14,000 tonnes per month.

According to Mr. Manzur Murshed, chairman of Bangladesh Jute Corporation, who was in Calcutta for consultations with the Indian jute industry on certain matters of mutual interest, his country will be trying to sell more carpetbacking overseas through promotional offices in the U.S., the Middle East as well as west Africa.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell back on the London Metal Exchange. Three months opened at £830 but ran into general liquidation and nervous speculative selling throughout the day to close at £819. Turnover: 22,400 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	796.5-9	-19.7	801-2	-14
3 months	822-.5	-18	824-5	-15.5
Settlem't	799	-20	—	
Cathodes				
Cash	796-7	-17	797-8	-15.5
3 months	809-10	-17	811-3	-15.5
Settlem't	797	-17	—	......
U.S. Prod	—		*82-6	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £798, 98.5, 98, three months £823, 2, 23, 22.5, 23, 23.5, 23, 22. Cathodes, cash £795, 96, 95.5, three months £809. Kerb: Wirebars, three months £823, 22.5, 23. Afternoon: Wirebars, three months £822, 22.5, 23, 23.5, 24, 25, 25.5, 25. Cathodes, three months £812. Kerb: Wirebars, three months £824, 23, 22, 22.5, 22, 21.5, 21, 20, 19, 19.5, 19, 18, 19, 19.5.

TIN—Easier, owing to profit-taking and the decline in other metals. Forward metal began the day at £6,230 and moved in a narrow range prior to closing the late Kerb at £6,245. Turnover: 1,390 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6105-15	+22.5	6115-25	-32.5
3 months	6225-30	-5	6235-40	-37
Settlem't	6115	+25	—	......
Standard				
Cash	6105-15	+22.5	6115-25	-32.5
3 months	6225-30	-5	6235-40	-37
Settlem't	6115	+25	—	......
Straits E.	$31.32	+0.07	—	......
New York	—	......	—	

Morning: Standard, cash £6,110, three months £6,220, 25. Kerb: Standard, three months £6,230, 25. Afternoon: Standard, three months £6,230, 27, 25, 30, 25, 30, 35, 40. Kerb: Standard, three months £6,240, 45, 50, 45.

LEAD—Marginally easier. The weakness of copper prompted profit-taking at the outset and saw forward metal decline from £329 to £323. However, in the morning Rings influential buying and hedge buying steadied the market which rose to £332.5 by the afternoon. In late Kerb trading U.S. selling prompted a close of £328.5. Turnover: 12,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	317-8	-5.25	321-2	-5.75
3 months	327.5-8	-5	331-.5	-5.75
S'ment	318	-3	—	......
U.S. Spot	—	......	*30	......

Morning: Cash £317, 17.5, 18, three months £326, 25, 25.5, 26, 25.5, 25, 26, 27. Kerb: Three months £327, 26, 27, 27.5. Afternoon: Three months £327.5, 28, 27.5, 28, 30, 31, 32, 31.5, 32, 32.5, 32, 31.5. Kerb: Three months £331, 30, 29, 28.5, 28.

ZINC—Barely changed with forward metal falling to £338—influenced by the general weakness of base-metals—prior to recovering to close the afternoon Kerb at £342.5. Turnover: 23,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	329-31	-5.5	332-3	-2.5
3 months	340-1	-5.25	342-.5	-3
S'ment	331	-5	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £339, 40, 40.5. Kerb: Three months £340, 40.5, 41. Afternoon: Three months £341, 40, 42.5, 43, 42.5. Kerb: Three months £342, 41.5, 42, 43, 42.5.

ALUMINIUM—Lower in quiet and routine trading. Three months opened at £671 and fell away to close the afternoon Kerb at £666.5. Turnover: 7,025 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	657.5-8	-8.25	655-7	-5.5
3 months	668.5-9	-8.75	666-7	-5.25

Morning: Three months £669, 68, 68.5, 69, 68.5. Kerb: Three months £669. Afternoon: Three months £668, 67. Kerb: Cash £653, three months £667, 65, 66.

NICKEL—Unchanged in subdued trading with forward metal finally quoted at £2,810 on the late Kerb. Turnover: 282 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2840-50	......	2835-45	......
3 months	2815-20	-5	2810-20	......

Morning: Three months £2,810, 15. Kerb: Three months £2,820, 15. Afternoon: Three months £2,810, 15.

SILVER

Silver was fixed 16.2p an ounce lower for spot delivery in the London bullion market yesterday, at 566.6p. U.S. cent equivalents of the fixing levels were: spot $12.61, down 39c; three-month $13.10, down 42c; six-month $13.637, down 43c; and 12-month $14.70, down 40.2c. The metal opened at 573p-582p ($12.75-$12.95), and closed at 556p-565p ($12.40-$12.60).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	566.60p	-16.2	562.5p	-15
3 months	582.50p	-16.5	579.75p	-15.5
6 months	600.0p	-17.1	—	......
12 months	637.30p	-15.2	—	......

LME—Turnover 124 (84) lots of 10,000 ounces. Morning: Three months 587. Kerb: Three months 585, 86. Afternoon: Three months 579, 80, 80.5, 80, 79, 78, 79. Kerb: Three months 578, 76, 77, 76, 75.

COTTON

LIVERPOOL—No spot or shipment sales were recorded, leaving the total for the week so far at 38 tonnes. Very abbreviated offtake continued, most buyers being influenced by falling rates for the raw material. Not more than occasional interest was shown in the more regularly used qualities in the American type range.

COCOA

Cocoa futures remained steady within a narrow range throughout a featureless day to close with marginal gains. Physical business was very scarce with both producers and consumer withdrawn from current levels, although there was some interest for supplies of nearby resale cocoa, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	885-886	-0.50	891-884
May	930-931	+5.0	935-927
July	951-952	+3.0	956-948
Sept.	970-971	+1.0	975-969
Dec.	1002-03	+3.50	1005-1000
March	1022-23	-1.0	1025-20
May	1038-40	-5.5	1046-37

Sales: 3,486 (3,325) lots of 10 tonnes. ICCO Futures—Daily price for Feb. 25 95.93 (95.52): five-day average 94.39 (93.74).

COFFEE

Opening activity in London was surprisingly good and values were slightly lower than expected since sterling had once again lowered in value against the dollar, reports Drexel Burnham Lambert. Both morning and afternoon sessions relied heavily on switch trading but prices tended to be easier throughout most of the latter, in line with New York values.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1024-25	-13.0	1035-23
May	1040-42	-10.5	1049-38
July	1052-55	-8.0	1061-49
Sept	1067-68	-10.0	1076-65
Nov	1075-78	-8.5	1084-72
Jan	1078-1090	-17.0	—
March	1078-10	-10.0	—

Sales: 2,452 (1,946) lots of 5 tonnes. ICO indicator prices for February 25 (U.S. cents per pound): Other Mild Arabicas 126.83 (126.17); Robustas ICA 1976 115.75 (116.00); ICA 1968 116.00 (116.25). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crop wheat opened higher but commercial sellers pushed values down and the market closed only marginally up. Aggressive shipper buying pushed barley prices higher. New crops were firmer in quiet trading, reports Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Mar.	108.50	+0.55	97.10	+1.00
May	111.70	+0.20	100.30	+0.80
July	115.55	+0.25	—	
Sep.	98.80	+0.20	93.90	+0.25
Nov.	102.40	+0.25	97.50	+0.20
Jan.	106.25	+0.20	101.40	+0.35

Business done—Wheat: March 108.65-108.40, May 112.25-111.65, July 115.80-115.70, Sept. 98.80-98.80, Nov. 102.40-102.40, Jan. 106.25-106.25. Sales: 155 lots of 100 tonnes. Barley: March 97.20-96.55, May 100.35-99.95, July and Sept. no trade, Nov. 97.50-97.50, Jan. 101.40-101.40. Sales: 321 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter, 13½ per cent, March 107.50, April 109 transhipment East Coast. English Feed fob March 112.0, April/June 116.25 sellers. Maize: French March 123 transhipment East Coast. South African Yellow March/April 87.00 sellers. English Feed fob April/June 104.50 paid. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 94.50, S. West 96.10, W. Midlands 95.70, N. West 95.00. The UK Monetary Coefficient for the week beginning Monday March 2 is expected to change to 0.843.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per kg. March 478.0, 479.0, 479.8-478.0, 44; May 483.1, 444.0, 486.0-482.5, 31; July 496.0, 497.0, 497.5-495.0, 117; Oct. 492.0, 492.5, 494.0-491.0, 18; Dec. 495.5, 496.0, 498.0-495.0, 30; March 503.0, 504.0, 505.5-503.0, 12; May 507.0, 507.5, 510.0-507.0, 17; July 511.0, 515.0, 513.5-511.0, 17. Sales: 348.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kg. March 335, 341, 340, 1; May 352, 354, 354-353, 10; Aug. 362, 363, 363, 5; Oct. 369, 373, 373-372, 10; Dec. 375, 380, nil, nil; Jan. 378, 382, nil, nil; March 383, 383, 382, 10; May 383, 385, nil, nil; Aug. 385, 388, nil, nil. Sales: 36.

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing on a quiet note. Lewis and Peat reported an fob March price for No. 1 RSS in Kuala Lumpur of 292.75 (293) cents a kg and SMR 20 at 260.5 (260).

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	58.80-59.40	58.80-59.50	—
May	60.00-60.10	60.00-60.10	60.20-60.10
Apr-Jne	60.10-60.30	60.00-60.10	60.50-60.00
Jly-Sept	63.20-63.30	63.00-63.10	63.70-63.20
Oct-Dec	65.80-66.00	65.80-66.00	65.50-65.90
Jan-Mar	68.70-68.80	68.80-68.90	68.20-68.90
Apl-Jne	71.60-71.70	71.70-71.90	71.90-71.60
Jly-Sept	74.20-74.60	74.70-74.90	—
Oct-Dec	77.00-77.40	77.60-77.80	—

Sales: 184 (273) at 15 tonnes and 14 (2) at 5 tonnes. Physical closing prices (buyer) were: Spot 57.50p (58.00p), April 62.00p (same), May 62.50p (same).

SOYABEAN MEAL

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
April	125.00-25.4	-2.35	126.50-22.00
June	127.00-27.1	-1.90	128.00-27.00
August	128.50-29.5	-1.80	131.20-29.50
October	129.60-30.8	-1.95	132.00
December	130.50-32.0	-1.85	—
February	131.00-34.0	-3.50	—
April	132.00-36.0	-2.80	—

Sales: 93 (137) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £258.00 (£262.00) tonnes cif for Feb.-March-April shipments. White sugar daily price was £281.00 (£287.00).

The market was confined within a £4 range in quiet trading conditions. Final prices were the highs of the day, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Mar	258.75-59.00	257.30-57.75	261.00-54.00
May	261.50-62.00	259.50-60.00	265.00-58.50
Aug	258.00-58.50	256.10-56.25	258.50-52.00
Oct	256.00-53.50	250.00-50.50	255.00-49.00
Jan	257.00-58.00	254.00-57.00	258.00-255.0
March	257.00-57.75	256.00-57.00	241.00-55.00
May	257.00-57.50	255.00-57.00	—

Sales: 6,679 (6,354) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £368.50 (£340.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port. Prices for February 25: Daily price 23.12 (23.77), 15-day average 24.18 (24.28).

POTATOES

LONDON POTATO FUTURES—Initially steadier, the market attracted sellers quickly, and values fell to around 50p down on April, where the market stabilised until further selling pressure was seen at the close. Interest was erratic on November, with February quiet, reports Coley and Harper. Closing prices: April 58.20 —100 (high 59.70, low 58.00); Nov. 57.50 —20 (high 58.00, low 57.50); Feb. 67.50 unchanged. Turnover: 247 (112) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 70.2 to 74.5; Eire hindquarters 82.0 to 84.0, forequarters 56.0 to 57.0. Veal: Dutch hinds and ends 108.0 to 111.0. Lamb: English small 70.0 to 78.0, medium 68.0 to 76.0, heavy 64.0 to 74.0; Imported frozen: New Zealand PL 56.0 to 57.0, PM 56.0 to 57.0. Pork: English, under 100 lb 43.0 to 50.0, 100-120 lb 42.0 to 49.0, 120-160 lb 39.5 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets on February 26. GB: Cattle 89.72p per kg liveweight (+2.92); UK: Sheep 173.02p per kg est dcw (+6.15); GB: Pigs 70.53p per kg liveweight (+1.81).

★

GRIMSBY FISH — Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.50-£3.60, codlings £1.60-£2.50; large haddock £4.40-£4.50, medium £4.20-£4.80, small £2.60-£3.40, best small plaice £2.60-£2.80; large lemon soles £12.00, medium £10.50; saithe £1.40-£1.80.

★

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.30-5.05; Spania: Navels 48/54/80 4.20, 70 4.00, 80 3.80, 100 3.60, 112/150 3.40; Moroccan: Navels 56/125 3.40-3.80; Cyprus: Shamoutis 15 kg 42/112 2.50; Egyptian: 72/125 2.50. Lemons—Spania: Trays 25/54 2.20-2.40; Cyprus: 10 kg 4.00-4.50; Italian: 100/120 3.75-4.00; S. African: 80/100 6.00; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.00-4.00; Jaffa: 20 kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85; Egyptian: 30/100 2.50. Satsumas—Spania: 90/105/126 3.80, 144/154 3.60, 168 3.40, 182 3.20. Clementines—Spania: 3.40-4.50. Wilkings—Jaffa: 22 lb 80/90 4.20. Temples—Jaffa: 24 lb 60/82 4.70-5.20. Apples—French: Stark Crimson 40 lb 3.90-5.00, Golden Delicious 40 lb 125/175 3.60-5.00, Granny Smith 40 lb 5.00-6.00, 20 lb 72 3.00, 84 2.50; Italian: 40 lb Romes 60/70 4.20, Granny Smith 19-20 lb 60/70 2.50; Hungarian: Starking 44 lb 6.00; Canadian: Red Delicious 135/150 8.50-9.00; U.S.: Red Delicious 9.00-9.50; Belgian: 28 lb, per pound Cox's 0.10-0.14; Dutch: 28 lb, per pound 0.09-0.14. Pears—Dutch: Conference per pound 0.14; Italian: Passacrassana 0.10-0.12; S. African: Williams Bon Chretien 35 lb 6.00, Clapp's 4.50. Plums—S. African: Kelseys 11 lb 4.95-5.50. Grapes—U.S.: Red Emperor 20 lb wrapped 11.60; S. African: Bien Donne 9 lb 8.00, Waltham Cross 8.30, Dan Ben Hannah 5.50, Alphonse 6.00; Brazilian: Italia 11 lb 8.50; Chilean: 11 lb Perlette 7.00. Nectarines—S. African: 2.80-3.20.

PRICE CHANGES

	Feb. 26 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1450/1488	—50	$1400/430
Copper			
Cash w'bar	£801.5	—14	£757
3 mths	£824.5	—15.75	£779.25
Cash Cathode	£797.5	—15.5	£747
3 mths	£812	—13.5	£764.5
Gold troy oz	$491.5	—8	$490.5
Lead Cash	£321.5	—5.75	£273.25
3 mths	£331.25	—5.75	£285.25
Nickel	£3,156	....	£3,226.57
Freemkt	285/305c	....	279/290c
Platin'mtr'y oz	£213.50	....	£202
Freemkt	£211.20	—5.7	£185.60
Quicksilvert	$395/405	....	$370/380
Silver troy oz	566.60p	—16.2	542.95p
3 mths	583.30p	—16.8	561.80p
Tin Cash	£6,120	—32.5	£5,797.5
3 mths	£6,237.5	—37	£5,945
Tungsten22.04lb	$144.21	....	$143.90
Wolfrm 22.04 lbs	$150/154	....	$148/151
Zinc Cash	£332.5	—2.5	£306.5
3 mths	£342.25	—3	£318.25
Producers	$825	....	$825
Oils			
Coconut (Phil)	$580x	—10	$600
Groundnut	‡	....	‡
Linseed Crude	£404	....	£412
Palm Malayan	$615y	—5	$615
Seeds			
Copra Philip	$405w	....	$410
Soyabean(U.S.)	$312.50w	+0.50	$308.50
Grains			
Barley Futures	£100.30	+0.80	£101.40
Maize			
French	123w	....	£121
Wheat			
No 1 Red Spg.	‡	....	‡
No2 HardWint	£107.50w	—0.25	£102.25
Eng. Milling†	‡		‡
Other commodities			
Cocoa ship't	£1,016	+5	£928
Future May	£930.5	+5	£855.5
CoffeeF't May	£1041	—10.5	£971.5
Cotton A.Index	94.85c	—0.85	96.90c
Rubber (kilo)	57.50p	—0.50	55.50p
Sugar (Raw)	£258	—4	£258
Woolt'ps 64s kl.	316p kilo	+2	304p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

AMERICAN MARKETS

PRECIOUS METALS sold off sharply on the continued weakness in foreign currencies. Copper declined on arbitrage selling and on the weakness in gold. Sugar broke moderately on expectation of heavy deliveries on the March position. The release of additional bags of coffee by the ICO put the market under heavy pressure. Reported offerings by the Ivory Coast attracted profit taking into cocoa market, causing moderate declines. Technical selling turnode early gains in cotton into moderate losses. The livestock complex finished lower on expectations of poor product markets in the next two weeks. Grains and soyabeans sold off early in anticipation of heavy deliveries and remained locked into a narrow range, reported Heinold.

Copper—March 80.50-80.60 (80.85), April 81.85 (82.15), May 83.00-83.30, July 85.45-85.50, Sept. 88.00-88.10, Dec. 90.80, Jan. 92.00, March 93.95, May 95.70, July 97.45, Sept. 99.20, Dec. 101.80, Jan. 102.65. Sales: 11,000.

Potatoes (round whites) — March 119.0-119.8 (122.8), April 141.2 (146.2), Nov. 87.0-87.5. Sales: 3,819.

Tin—632.0-639.0 (630.0-637.0).

CHICAGO, February 26.

Lard—Chicago loose 19.50 (same).

Live Cattle—Feb. — (—), April 65.55-65.65 (65.60), June 68.25-68.15, Aug. 68.95-68.90, Oct. 67.42, Dec. 68.60-68.85, Feb. 69.50, April 70.30.

Live Hogs—April 44.80-44.90 (45.07), June 50.30-50.45 (51.15), July 52.27-52.45, Aug. 51.40-51.50, Oct. 50.55-50.70, Dec. 53.95, Feb. 56.50, April 55.20, June —.

‡‡Maize—March 357¾-357½ (359), May 369-369¾ (370¼), July 375¼-375½, Sept. 374, Dec. 372¼-372½, March 382¼.

Pork Bellies — March 52.40-52.30 (53.97), May 54.60-54.50 (55.72), July 56.05-56.10, Aug. 55.25-55.15, Feb. 66.10, March 66.00, May —.

†Soyabeans—March 737½-737 (748), May 764½-763 (773¼), July 788-790, Aug. 798, Sept. 805, Nov. 817½-818, Jan. 836, March 856½.

‖Soyabean Meal—March 208.1-209.3 (213.2), May 218.0-217.7 (222.5), July 225.3-224.8, Aug. 28.5, Sept. 231.0-232.0, Oct. 233.0-233.5, Dec. 236.5-237.0, Jan. 238.0-239.0, March —, May —.

Soyabean Oil — March 23.93-23.95 (23.89), May 24.80-24.78 (24.71), July 25.65-25.60, Aug. 25.85-25.90, Sept. 26.15, Oct. 26.40, Dec. 27.10, Jan. 27.30, March 27.85-27.90, May 28.30-28.35.

†Wheat—March 451½-451 (458¼), May 463-462½ (467½), July 462½-462, Sept. 478, Dec. 497½-498, March 517.

WINNIPEG, February 26. §Barley—March 149.60 (150.10), May 152.20 (152.40), July 151.80, Oct. 151.70, Dec. 151.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § SCan. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

††Cocoa—March 2002 (1965), May 2050 (2026), July 2098, Sept. 2149, Dec. 2214, March 2279, May 2339, July —. Sales: 3,861.

Coffee—"C" Contract: March 121.70-121.90 (122.43), May 125.50-125.75 (126.27), July 128.50-128.60, Sept. 130.75-131.00, Dec. 130.10-130.50, March 129.50-129.80, May 130.25-131.50, July 130.50-135.00. Sales: 1,510.

Cotton—No. 2: March 90.09 (88.96), May 91.05-91.20 (90.93), July 90.50-90.60, Oct. 85.80-85.90, Dec. 82.70, March 83.50-83.75, May 84.00-84.25, July 84.50-85.50. Sales: 7,000.

*Gold—March 498.5 (505.8), April 503.5-505.0 (511.0), June 516.0-518.0, Aug. 531.5, Oct. 543.5, Dec. 556.6, Feb. 569.8, April 582.0, June 596.4, Aug. 609.8, Oct. 623.3, Dec. 636.3. Sales: 26,000.

Orange Juice—March 137.60 (138.70), May 143.10-143.20 (144.65), July 147.50, Sept. 149.50, Nov. 147.00-147.20, Jan. 143.60-144.00, March 144.50, May 145.40, July 146.30-146.40. Sales: 1,500.

*Platinum—March 477.9 (485.5), April 483.5-484.5 (491.6), July 500.0, Oct. 525.0, Jan. 544.6, April 564.7. Sales: 1,468.

¶Silver—March 1278.0-1285.0 (1296.0), April 1300.0 (1315.0), May 1316.0-1320.0, July 1355.0, Sept. 1391.0, Dec. 1444.0, Jan. 1461.5, March 1496.0, May 1530.5, July 1565.0, Sept. 1598.5, Dec. 1652.0. Sales: 7,300. Handy and Harman bullion spot 1273.0 (1309.0).

WINNIPEG, February 25 — March 150.10 (150.40), May 152.40 (152.80), July 152.10, Oct. 152.20, Dec. 151.70.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 276.95 (278.25).

EUROPEAN MARKETS

ROTTERDAM, Feb. 26.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, April $225, May $225. U.S. No. 2 Red Winter March $213, April $215, May $220. U.S. No. 2 Northern Spring, 14 per cent, May $218.50, June $219.50, July $220.50, Aug. $221.50, Sept. $225.50.

Maize—Afloat $167, March $168.50, April $172, May $174.75, June $177.25, July/Sept $178.50, Oct./Dec. $176, Jan./March $188.

Soyabeans—U.S. No. 2 Yellow Gulfports afloat $302.50, March $307.25, April $312.50, May $316.50, June $321, July $324, Aug. $327, Sept. $330, Oct./Nov. $332, Dec. $339, Jan. $344.75, Feb. $350, March $352. Argentine June/July $317.50.

Soyameal—44 per cent protein, U.S. afloat $270, March $269, April $273.50, April/Sept. $284, Nov./March $300. Brazil Pellets March $285, April $287.50, May $288, April/Sept. $295.

PARIS, Feb. 26.

Cocoa—(FFr per 100 kg): March 955-975, May 990-1,000, July 1,012, Sept. 1,048-1,050, Dec. 1,088-1,100, March 1,120-1,130, May 1,135-1,160. Sales at call: nil.

Sugar—(FFr per tonne): May 3,100-3,105, July 3,085-3,110, Aug. 3,020-3,050, Oct. 2,940-2,945, Nov. 2,880, Dec. 2,790-2,820, March 2,740-2,800, May 2,740-2,795. Sales at call: 1.

INDICES

FINANCIAL TIMES

Feb. 25	Feb. 24	Month ago	Year ago
261.53	259.80	258.87	299.37

(Base: July 1, 1952=100).

MOODY'S

Feb. 25	Feb. 24	Month ago	Year ago
1160.9	1158.6	1166.2	1395.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb 25	Feb. 24	Month ago	Year ago
Spot	430.58	421.65	422.65	426.39
Fut'r's	434.49	433.45	443.10	447.67

(Average 1924-25-26=100)

REUTERS

Feb. 25	Feb. 24	M'nth ago	Year ago
1737.4	1748.4	1674.6	1785.4

(Base: September 18, 1931=100)

ICI's dividend cut shocks equity markets but leaders close well above worst—Plessey figures aid recovery

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6

* "New time" dealings may take place from 9 am two business days earlier.

ICI's slashed final dividend payment from 11p to 5p came as a nasty shock to London equity markets yesterday and caused a sharp reversal of the recent good advance in leading industrials. Opinion had been quite strongly in favour of ICI maintaining its final payment and the extent of the cut shook market traders. News of the second successive quarterly loss and the poor current trading outlook also added to the gloom.

On the mid-day announcement ICI were abruptly marked down to 268p and, in subsequent animated trading, fluctuated erratically between that level and 280p before settling at the day's lowest. Much of the day's business was in small amounts of stock, interspersed with "new-time" buying and limited investment support. The latter failed to have a lasting impact and ICI closed 28 down at 266p.

Other leading equities followed the collapse of ICI after trading slightly firmer in the earlier trade. Falls extending to 12, however, were reduced substantially in the late business and the FT 30-share index, after recording a sharp loss of 10.4 at 2 pm, ended only 4.2 down on balance at 497.8.

In marked contrast, Plessey's third-quarter figures and increased interim dividend were extremely well received and Plessey rose 13 to 318p. Other Electricals were influenced and the rally in this sector gave encouragement later to equity markets as a whole.

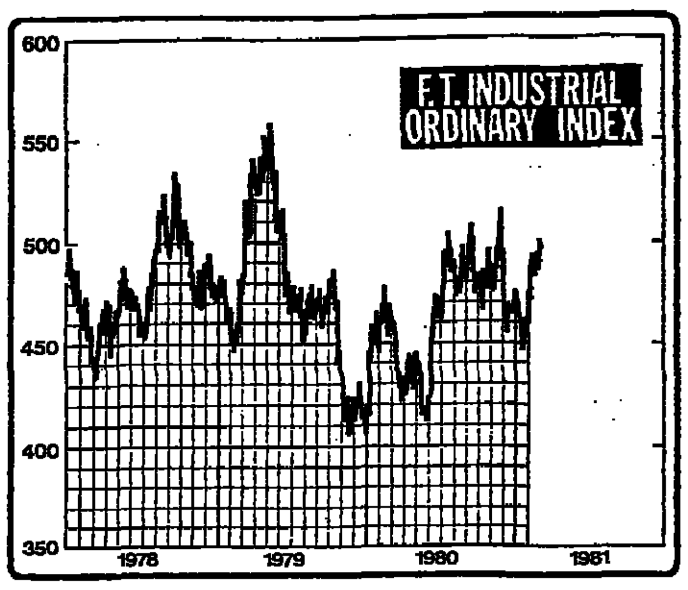
Gilt-edged securities passed a relatively calm trading session following the recent increase in buying activity. Institutional interest was inhibited by the possibility of further Government funding today. Thus, persistent small buying by private clients was more than offset by the occasional larger selling orders and quotations drifted slightly easier throughout the list. Falls in the shorts were limited to 1/16, while mediums and longs were around ¼ lower. The recently exhausted £20-paid medium tap, Treasury 12 per cent 1986, gave up ¼ at 20⅜.

The Traded option market was dominated by two stocks; ICI attracted 574 deals largely because of the preliminary statement, while Lonrho recorded 373, 190 of which were arranged in the August 100's. Total contracts completed amounted to 1,852, a total slightly below Wednesday's 2,043.

Recently issued British Aerospace touched a peak of 179p before easing back to close 2 cheaper on balance at 175p.

Hire Purchases firm

Cheaper money hopes helped Hire Purchases move against the general trend. Wagon Finance put on 4 to 52p and Lloyds and Scottish added 5 at 171p, while Provident Financial improved 3 to 139p; the preliminary figures of the last-mentioned are due on Tuesday. FNFC Loan stocks moved forward after the chairman's hint of the possibility of the company soon being in the position to pay off the arrears of interest; the 9¼ per cent Loan 1982 added 4 points at £131 and the 9¼ per cent Loan 1992-97 3 points at £89; the ordinary shares touched 34¼p before closing a fraction lower at 33p. Elsewhere, still drawing strength from the sharply increased dividend and profits recovery, Gillett Bros. moved up to 265p before finishing only 2 harder on balance at 268p. Wintrust added 3 more at



95p on further consideration of the Board's forecast of record profits for the year, while Standard Chartered put on 7 to 700p, after 705p. Home banks closed mixed. NatWest firmed 3 more to 373p, after 376p, but Midland shed 6 to 330p.

Breweries trended easier before the emergence of "cheap" buyers saw many leading issues revert to the overnight positions. Bass, down to 206p initially, closed only a penny off on balance at 210p, while Scottish and Newcastle were unchanged at 63½p, after 62p. Scattered support in front of annual results, expected shortly, lifted Tomatin 4 to 89p.

Leading Buildings encountered selling and Blue Circle lost 6 to 384p, while Ready Mixed Concrete eased 3 to 182p. Selected secondary issues, however, made fresh progress on interest rate possibilities, Barratt Developments gaining 3 more to 193p and John Finlan adding 4 at 131p. Burnett and Hallamshire rose 30 to a 1980/81 peak of 940p reflecting business completed late on Wednesday. Brown and Jackson responded to favourable Press comment and put on 11 to 94p, while Tilbury Contracting revived with a gain of 10 at 185p. Interest was shown in Hoveringham, which firmed 5 to 69p. Among Timbers, Magnet and Southerns improved 5 to 151p.

Stores dip and rally

After touching 298p ahead of the preliminary results, ICI plummeted to 268p on the shock announcement of a sharply reduced dividend and final-quarter loss; a subsequent rally was short-lived and the price closed 28 down at the day's lowest of 266p. Fisons, which announces its annual results next Monday, shed 7 to 133p.

Stores opened on a firm note and, although the leaders were marked down in line with other equity leaders, new-time buying after the "House" close left most near to their overnight levels. Marks and Spencer eased 2 to 124p, after 122p, while Mothercare recovered from 226p to close unchanged on the day at 230p. British Home dipped 4 to 154p, after 151p, but Gussies A remained dull and finished around the day's lowest at 475p, down 10. House of Fraser's defence document in reply to the offer from Lonrho had little effect on the former's shares which added 2 at 148p; Lonrho, a shade firmer initially following the surprise proposed purchase of the Observer, closed unchanged at 102p. Secondary counters were subdued and movements were usually restricted to a couple of pence either way. Allebone stood out, however, falling 6 to 32p on profit-taking following a statement from the company expressing ignorance of any reason for the recent speculative rise in the share price. Higher first-half earnings buoyed Footwear Industry Investments, 4 up at 50p.

Plessey were outstanding in Electricals, rising 13 to a 1980-81 peak of 318p in response to the interim dividend increase and better-than-expected 71 per cent jump in Nine-months profits. Other leaders, which had been lowered sharply in the wake of ICI's statement rallied and GEC closed only 2 off on balance at 645p, after extremes of 652p and 640p. Thorn lost 8 at 312p, after 304p. Secondary issues fared quite well with Cray Electronic notable for a gain of 6 to 106p, after 122p, on speculative bid hopes. Electronic Rentals advanced 7 to 116p and Henry Wigfall 6 to 168p.

Tubes were volatile in Engineerings, moving between 200p and 188p before finishing a net 6 lower at 192p. GKN reacted from an initially higher level of 151p to close 5 off at 144p, while John Brown ended 2 cheaper at 76½p, after 79p. Hawker eased to 280p but rallied smartly to 288p after-hours for a net rise of 4. Elsewhere, Tace fell 3 to 20p on the final dividend omission and lower profits, while Ratcliffs Great Bridge softened a penny to 42p, also on poor results. A Press review on helicopters attracted interest to Westland, which hardened a couple of pence to 128p, for Jenks and Cattell, 80p, and Molins, 121p, firmed 5 apiece. Suggestions of a bid to counter the offer from Enserch of America sustained Davy Corporation, which put on 3 more for a two-day gain of 9 at 157p.

British Sugar were actively traded and touched 290p before closing a net 3 cheaper at 280p pending the outcome of the Monopolies Commission inquiry into the proposed bid for the company from S. and W. Berisford, 7 cheaper at 171p. Also in the Food sector, Bluebird Confectionery attracted speculative buying and, in a thin market, put on 10 at 68p.

R. K. Watson up

Firm at first, miscellaneous industrial leaders reacted sharply on ICI's abysmal statement but managed to close well above the day's lowest levels. Glaxo, up 14 the previous day on the announcement that its successful anti-asthmatic drug-Ventolin, is to be marketed in the U.S., ran back to 268p before closing a net 4 down on balance at 274p. Metal Box fell 10 to 182p and Unilever gave up 5 to 480p; the latter's annual figures are due on Tuesday. Elsewhere, R. K. Watson continued firmly, rising 6 afresh to 94p in response to Press comment. Hollis Bros. and E.S.A. were marked up 3 to 37p on the announcement that Imperial Group Pension Fund had acquired a 5 per cent stake in the company. Gripperrods, a firm market of late on speculative support, lost 12 to 130p following the disappointing interim results.

Motor Distributors generally closed lower. Dowty fell 6 to 235p, while Automotive Products gave up 2 at 46p. Lucas, up to 187p in the morning, reacted to 180p before recovering to the overnight level of 182p.

A certain amount of selling was evident in Properties. Land Securities shed 8 to 396p and MEPC 5 to 235p, while British Land gave up 3 at 99p and Capital and Counties 4 at 118p. Losses of around 6 were sustained by Stock Conversion, 348p, and Haslemere Estates, 398p.

Oils improve

Increased activity was noted in the Oil sector ahead of the seventh round of North Sea licence awards, due to be announced shortly. Trade faltered around noon but picked up again towards the close. British Petroleum ended 14 dearer at 410p, after 412p, while Shell finished 10 to the good at 422p, after 426p. Tricentrol touched 320p before closing 2 cheaper on balance at 310p.

Shippings retained a quietly firm appearance. P & O added a couple of pence at 126p, as did Ocean Transport, at 140p. Mersey Docks, however, fell 1½ to 7½p on adverse comment.

Attention in mining markets was focused on the Anglo American/De Beers group of companies following the suspension of trading in shares of Minorco.

The latter was suspended at the outset of trading having closed at 620p on Wednesday. Dealings in Minorco are expected to re-commence this morning.

Speculation over the possible re-structuring of the Anglo/De Beers holdings in Charter and Gold Fields led to heavy buying of the last two companies in early dealings, but prices of both fell back later following the sharp reversal in UK equities.

Charter closed 2 firmer on balance at 242p, after 250p, while Gold Fields ended 4 up at 452p, after 462p.

Other London Financials moved similarly and Rio Tinto-Zinc were finally 5 up at 420p, after 425p. In South Africans, Johannesburg and London selling left Anglo American Corporation 14 down at 628p.

Golds were easier in line with the bullion price and the Gold Mines index gave up 8.2 to 342.4.

Share prices fell away from the outset as persistent small selling found the market lacking support.

Australians were mixed in quiet trading. Most leaders were a fraction lower on lack of interest and lower base-metal prices.

Pancontinental moved against the general trend, advancing 45 to 565p, after 575p, following rumours that the mine may soon be given the go-ahead.

Elsewhere, Messina rose 10 more to 235p; the African Finance Corporation had acquired a 26.5 per cent holding in the company as at January 31.

FINANCIAL TIMES STOCK INDICES

	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 20	Feb. 19	A year ago
Government Secs.	69.26	69.34	69.42	69.23	69.17	69.42	65.14
Fixed Interest	71.13	71.15	71.05	70.78	70.97	70.90	68.07
Industrial Ord.	497.8	502.0	496.5	486.6	488.4	494.2	469.1
Gold Mines	342.4	350.6	358.2	341.0	355.2	328.9	372.0
Ord. Div. Yield	7.09	7.17	7.26	7.39	7.35	7.26	7.07
Earnings, Yld. % (full)	16.06	15.88	16.21	16.43	16.36	16.19	17.30
P/E Ratio (net) (*)	7.61	7.70	7.55	7.44	7.44	7.56	[illegible]
Total Bargains	25,004	24,387	24,328	22,112	24,017	23,239	21,039
Equity turnover £m	—	132.28	156.68	133.17	178.94	131.48	121.13
Equity bargains total	—	18,775	18,658	19,300	19,461	18,175	16,477

10 am 504.2. 11 am 504.1. Noon 502.1. 1 pm 492.2. 2 pm 491.6. 3 pm 492.8.

Latest Index 01-246 8026.

*Nil=7.02.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.06 (24/7/80)	64.70 (10/4/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	268.8 (18/6/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 25	Feb. 24
—Daily		
Gilt Edged	107.2	165.7
Industrials	105.1	110.1
Speculative	32.0	34.9
Totals	89.2	76.8
5-day Avrge.		
Gilt Edged	134.8	141.6
Industrials	107.8	109.0
Speculative	25.9	25.5
Totals	71.8	73.1

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (102)

AMERICANS (7)
BANKS (10)
BUILDINGS (14)
CHEMICALS (1)
DRAPERY & STORES (2)
ELECTRICALS (4)
ENGINEERING (1)
FOODS (3)
INDUSTRIALS (16)
LEISURE (3)
MOTORS (2)
PAPER (1)
PROPERTY (13)
SHIPPING (1)
SHOES (1)
TEXTILES (4)
TRUSTS (15)
OIL & GAS (1)
OVERSEAS TRADERS (2)
RUBBERS (1)

NEW LOWS (18)

CHEMICALS (3)
Cory (Horace) Morley (R. H.) ICI
ELECTRICALS (1)
Baker Elec.
ENGINEERING (3)
Midland Inds. Tace Redman Heenan
FOODS (1)
Assoc. Fisheries
INDUSTRIALS (4)
Amal. Metal Hallam Sleigh Duple Int. Somic
LEISURE (1)
Norton & Wright
MOTORS (2)
Abbey Panels Hurst (Charles)
TRUSTS (1)
Danae Cap.
OIL & GAS (2)
Hamsa Pet. Shackleton Pet.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	57	39
Corpns., Dom. and Foreign Bonds	7	3	55
Industrials	268	337	783
Financial and Prop.	130	110	258
Oils	21	24	27
Plantations	6	—	17
Mines	26	62	77
Others	53	28	74
Totals	509	621	1,330

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
ICI	£1	17	266	−28	402	266
FNFC 9¼% Sub. Uns. Ln. '92/97	£100	9	£89	+ 3	£90	£59
Brit. Aerospace 'New'	50p	8	175	− 2	179	170
Shell Transport	25p	8	422	−10	522	314
Cons. Gold Fields	25p	7	452	+ 4	678	373
Fisons	£1	7	133	− 7	304	112
GKN	£1	7	144	− 5	279	133
Allied Breweries	25p	6	64	—	89	62
Boots	25p	6	239	− 3	258	158
Distillers	50p	6	191	− 2	235	178
GEC	25p	6	645	− 2	653	326
Metal Box	£1	6	182	−10	318	156
Thorn EMI	25p	6	312	− 8	380	260
Vickers	£1	6	155	− 1	156	99½
Marks & Spencer	25p	5	124	− 2	126	77

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6

For rate indications see end of Share Information Service

Stocks favoured for the call included North Kalgurli, Cons. Gold Fields, Laganvale Estates, Premier Oil, J. Sainsbury, Charterhall, Amalgamated Distilled Products, Associated Leisure, Muirhead, British Land, Woolworth, ICI, GKN, British Vending, Boots, Rockware and New Throgmorton Warrants. Puts were taken out in Plessey and Lucas, while doubles were arranged in British Aerospace and FNFC.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Feb. 26, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. Feb. 25 Index No.	Tues. Feb. 24 Index No.	Mon. Feb. 23 Index No.	Fri. Feb. 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	311.72	−0.2	13.35	5.28	9.14	312.49	309.31	306.32	306.19	247.78
2	Building Materials (26)	276.34	−0.4	16.93	6.25	7.05	277.35	275.52	273.07	272.78	243.26
3	Contracting, Construction (26)	486.09	+0.4	18.77	5.23	6.40	484.30	478.02	475.57	471.75	374.57
4	Electricals (27)	1022.70	+0.1	8.49	2.55	14.54	1021.91	1019.21	1009.64	1008.85	632.87
5	Engineering Contractors (11)	413.58	−0.3	14.42	6.26	8.84	414.69	407.49	404.68	410.28	294.92
6	Mechanical Engineering (71)	184.56	−0.3	15.84	7.14	7.90	185.04	180.94	179.69	180.23	171.38
8	Metals and Metal Forming (13)	146.08	−1.9	18.06	11.43	7.02	148.96	147.17	145.87	145.30	168.62
9	Motors (21)	89.79	−1.0	20.68	9.23	5.59	90.73	89.84	89.30	89.01	112.46
10	Other Industrial Materials (16)	317.41	−0.5	14.44	6.76	8.23	319.15	312.69	306.11	306.38	0.00
21	CONSUMER GROUP (198)	249.22	−0.7	15.21	6.32	7.98	251.07	249.02	246.40	246.27	225.12
22	Brewers and Distillers (20)	275.26	—	16.83	6.65	7.05	275.39	272.82	267.10	269.18	271.76
25	Food Manufacturing (23)	224.00	−0.3	17.51	7.07	6.78	224.61	223.99	221.88	221.48	282.10
26	Food Retailing (14)	451.67	−0.9	9.97	3.56	11.85	455.60	456.52	461.22	460.41	309.43
27	Health and Household Products (7)	255.86	−1.4	10.38	5.58	11.45	259.41	257.72	264.52	269.42	215.25
29	Leisure (22)	369.03	+0.1	15.15	6.20	8.14	368.58	365.16	354.08	351.27	387.55
32	Newspapers, Publishing (12)	445.11	−0.3	20.50	6.99	6.33	446.61	445.65	446.31	443.82	444.77
33	Packaging and Paper (15)	124.59	−1.7	25.63	9.74	4.52	126.70	125.26	124.95	123.65	132.69
34	Stores (44)	258.67	−1.3	11.50	4.87	11.39	262.18	259.07	254.39	253.85	226.56
35	Textiles (21)	142.76	−0.9	18.00	9.35	7.26	144.12	140.80	136.61	133.87	131.96
36	Tobaccos (3)	224.83	−0.7	25.28	10.35	4.51	226.33	224.84	225.36	223.31	287.81
39	Other Consumer (17)	262.52	−0.4	14.53	7.32	8.42	263.48	261.47	255.49	253.24	0.00
41	OTHER GROUPS (79)	214.61	−2.6	18.30	7.15	6.54	220.35	217.70	215.62	217.22	212.89
42	Chemicals (15)	265.09	−6.1	22.04	8.02	5.31	282.43	278.09	274.56	279.47	315.59
44	Office Equipment (6)	107.03	+0.6	17.39	7.76	6.82	106.36	103.66	102.66	101.71	122.34
45	Shipping and Transport (13)	574.56	+0.3	13.18	6.43	9.31	572.75	565.63	562.65	564.12	487.76
46	Miscellaneous (45)	271.69	−0.3	16.31	6.28	7.54	272.51	271.31	269.28	269.54	249.75
49	INDUSTRIAL GROUP (488)	266.02	−0.8	14.93	6.05	8.12	268.19	265.66	262.98	263.13	235.21
51	Oils (12)	874.43	+2.8	27.46	6.02	4.06	850.77	842.18	829.75	835.32	821.81
59	500 SHARE INDEX	314.23	−0.1	17.64	6.04	6.67	314.40	311.40	307.95	308.52	281.43
61	FINANCIAL GROUP (118)	246.65	−0.7	—	5.50	—	248.30	245.79	245.23	243.82	208.17
62	Banks (6)	236.36	−0.1	41.30	7.53	2.97	236.55	230.59	234.51	236.54	228.69
63	Discount Houses (10)	313.98	+0.2	—	5.87	—	313.39	312.65	308.22	307.39	213.44
64	Hire Purchase (5)	239.81	+2.4	9.48	4.27	13.91	234.25	232.18	230.55	228.09	189.10
65	Insurance (Life) (10)	257.70	−0.2	—	5.12	—	258.30	256.00	252.12	248.83	177.53
66	Insurance (Composite) (9)	157.43	−1.4	—	7.54	—	159.68	157.87	156.71	152.73	129.08
67	Insurance Brokers (9)	342.75	−1.7	13.31	6.76	10.28	348.84	346.53	343.22	336.85	292.75
68	Merchant Banks (13)	152.77	+0.5	—	5.07	—	152.03	151.12	150.20	150.26	104.74
69	Property (45)	480.21	−1.4	3.09	2.59	44.95	486.92	485.93	483.58	483.98	373.60
70	Miscellaneous (11)	177.92	+0.7	15.41	5.21	8.24	176.71	176.84	176.41	176.08	131.82
71	Investment Trusts (109)	288.81	−0.1	—	5.29	—	289.19	287.80	284.58	284.27	226.22
81	Mining Finance (3)	221.74	+1.0	14.72	6.05	8.09	219.46	217.39	215.71	215.82	219.45
91	Overseas Traders (20)	453.15	+0.5	11.28	6.72	10.81	450.80	448.56	450.17	451.25	417.66
99	ALL-SHARE INDEX (750)	300.30	−0.1	—	5.91	—	300.69	297.86	295.23	295.27	262.98

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Feb. 26	Day's change %	Wed. Feb. 25	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.97	−0.09	108.06	—	2.48
2	5-15 years	111.09	−0.14	111.24	—	1.89
3	Over 15 years	113.33	−0.08	113.42	—	2.05
4	Irredeemables	126.52	−0.05	126.58	—	1.45
5	All stocks	110.48	−0.10	110.60	—	2.10

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Thurs. Feb. 26	Wed. Feb. 25	Year ago (approx.)
1	Low Coupons	5 years	11.29	11.25	12.99
2		15 years	12.23	12.22	12.85
3		25 years	12.45	12.45	12.85
4	Medium Coupons	5 years	13.08	13.02	14.93
5		15 years	13.82	13.79	14.43
6		25 years	13.67	13.65	14.20
7	High Coupons	5 years	13.11	13.06	15.07
8		15 years	14.02	14.00	14.75
9		25 years	13.86	13.85	14.63
10	Irredeemables		11.65	11.64	11.73

		Thurs., Feb. 26 Index No.	Yield %	Wed. Feb. 25	Tues. Feb. 24	Mon. Feb. 23	Friday Feb. 20	Thur. Feb. 19	Wed. Feb. 18	Tues. Feb. 17	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.57	†14.14	52.32	52.53	52.32	52.51	52.30	52.29	52.29	50.83
16	Investment Trust Prefs. (15)	50.90	18.30	50.76	50.76	50.71	50.71	50.71	50.71	50.71	47.89
17	Coml. and Indl. Prefs. (20)	68.29	18.21	68.37	68.41	68.24	68.07	68.07	68.07	68.10	61.60

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p. § Corrected indices.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p‡	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
150	F.P.	3/4	179	170	British Aerospace 50p	175	−2	b7.8	2.0	6.4	11.2
610	F.P.	—	650	600	✻Cramphorn	650	......	16.5	2.1	3.6	—
10p	F.P.	27/3	16	13¾	✻Crest Intl Secs. 10p	15¾	......	—	—	—	—
5¶	F.P.	—	8	6½	✻Dunton 5p	7½	......	—	—	—	—
100	F.P.	—	102	95	New Darien Oil Trust	100	......	—	—	—	—
42p	F.P.	13/5	45	38	Oil & Gas Production	38	−1	—	—	—	—
4.2p	P.P.	13/5	9	7½	Do. ($0.01 pd.)	8	......	—	—	—	—
§§	F.P.	—	14	12	✻Parkfield Foundri's	13	......	0.88	6.4	9.3	2.4
81§	F.P.	16/2	106	96	Sonic Sound Audio 10p	102	......	b4.48	1.9	6.3	9.9
**	F.P.	9/2	84	72	Westpool Inv. Defd	75	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
‖	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	106	......
¶100	£10	21/5	12	11½	Bristol Water 8% Red. Pref '86	12	+¼
100p	F.P.	28/1	106p	102p	Comben 11.375% Cum. Red. Pref.	106p	......
‖	F.P.	12/2	118½	106½	Crystalate 9¾% Cnv. Uns. Ln. '99-2000	118	−⅛
¶	F.P.	26/2	105	104	Essex Waterworks 8½% Red. Prf. 1985	104	......
96	£20	27/3	21⅜	20¾	Iceland 14½% 016	21⅛	......
£100	£50	30/4	46	41	Lon. Merchant Secs. 7¾% Cv Uns Ln 2000-05	45	......
¶100	£10	—	12	12	Mid-Sussex Water 8% Pref. 1986	12	......
99	F.P.	23/3	101½	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. 186-88	101½	......
‖	F.P.	20/1	135p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	135p	......
‖	F.P.	13/2	124	113	Portals 9½% Cnv. 1994-2000	124	+1

"RIGHTS" OFFERS

Issue Price p‡	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing prices p‡	+ or −
128 p	F.P.	27/2	27/3	128	115	Argyll Foods	128	......
154 p	Nil	9/3	22/5	24pm	17pm	Assoc. Dairies	23pm	−1
30	F.P.	6/2	27/2	41	34½	Benlox	41	+2
45	F.P.	18/2	13/3	65	51½	Hampton Trust	52½	+1
184	F.P.	29/1	13/3	230	188	Johnson, Matthey	227	−5
$A1.05	55 cts	—	—	75	27	North Kalgurli Mines	31	−2
45p	Nil	9/3	3/4	5pm	2½pm	Paradise B.	3pm	−1
60	F.P.	16/2	27/3	86	71	Norcros	85	−1
320	F.P.	23/1	20/3	380	330	Royal Insurance	375	−5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ¶¶ Units comprising 125 A Ord. & 5 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)

[illegible]

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 01-283-2400.

HS Channel Is. Fd.	142.4	151.9	......	3.00
H.S. Fixed Int. Fd.	91.0	96.0	......	12.50

Box 2622, Berne, Switzerland. Telex 33425.

H.S. Overseas Fd.	25.13	+0.29	—
CSF Fd. (Acc.)	18.55	+0.05	—
Crossbow Fd.	6.61	+0.08	—
ITF Fd. (Acc.)	13.74	+0.08	—

N.V. Interbeheer
P.O. Box 526, Delft, Holland

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26392

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	57.7	62.0xd	+0.9	2.34
Abbey Capital	46.7	49.4	.....	4.96
Abbey General	55.0	59.5xd	-0.3	5.32
Abbey Gilt & F.I. Tst.	106.4	112.2	.....	11.68
Abbey Income	35.1	37.9xd	-0.1	9.26
Abbey W'Wide Bd Tst.	94.4	99.9	.....	4.71
Abbey Inv. Tst. Fd.	49.6	53.0	+0.3	4.74
Equitas Prog. Tst.	80.5	86.0	+0.1	4.71

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	86.0	90.5xd	-0.1	12.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	87.5	93.6xd	-0.5	6.16
Brit. Inds. Fund	76.6	82.0	.....	6.52
Growth & Income	50.3	53.8	-0.1	5.02
Elect. & Ind. Dev.	44.4	47.5	.....	5.26
Allied Capital	95.9	102.6	-0.2	4.48
Hambro Fund	131.5	140.7	-0.3	6.15
Hambro Acc. Fund	180.7	193.3	-0.3	4.71

Income Funds

High Yield Fd.	63.3	67.7xd	+0.3	8.86
High Income	85.9	91.9	-0.2	6.91
Equity Income Fd.	45.0	48.2xd	-0.1	7.59
Govt. Secs.	25.4	26.1	.....	11.88

International Funds

International	34.0	36.4xd	+0.1	2.20
Japan Fund	34.5	36.2	+0.3	0.24
Pacific Fund	66.5	71.2	+0.6	1.15
Secs. Of America	71.8	76.8	+0.8	2.08

Specialist Funds

Smaller Co.'s Fd.	55.1	59.0	+0.2	4.47
2nd Smlr. Co's Fd.	67.3	72.0	+0.7	4.05
Recovery Sits.	137.5	147.1	.....	5.17
Met. Min. & C'dty.	67.4	72.1	+0.5	5.27
Overseas Earnings	68.0	72.8	-0.1	5.07

Exempt Funds

Income Exempt	49.8	52.3	.....	8.13
Far East Exempt	70.2	73.8	+0.1	1.05
Smaller Co. Exempt	87.2	91.6	+0.5	4.37
U.S.A. Exempt	121.6	126.5	+1.1	2.57

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	65.1	69.8	.....	4.09

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4951

Inc. Monthly Fund	144.0	154.0xd	.....	—

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.8	41.9	+0.2	0.89
Cres. Internat'l.	77.4	83.5	.....	1.72
Cres. High. Dist.	43.8	47.3	.....	10.31
Cres. Reserves	49.3	53.2xd	-0.2	5.40
Cres. Tokyo	32.6	35.2	+0.4	0.89

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	.....	10.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb. 6	225.3	240.3	.....	5.49

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.6	19.4xd	.....	7.29
Gt. Winchester O'seas	26.0	28.9xd	.....	3.68

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	88.3	92.9	-0.3	4.60

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American (z)	33.3	35.9	+0.5	0.77
Amer. Spec. Sits. (z)	24.7	26.6	+0.2	0.88
Gilt + Fixed Int.	25.0	26.4	.....	12.02
Growth + Income	31.2	33.6	-0.1	7.04
Maximum Inc. Eq. Tst.	26.7	28.8	+0.1	8.82
Special Sits.	38.6	41.6	+0.4	1.89

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	36.9	39.7	.....	2.21
Accum. Units	45.8	49.2	.....	2.21
J. Finlay High Income	36.5	39.2	.....	9.75
Finlay Wld. Energy	18.0	19.4	.....	1.79
Accum. Units	23.2	25.0	.....	1.79
J. Finlay Fd. In. Tst.	38.7	41.6	.....	5.09
Accum. Units	49.8	53.5	.....	5.09

Prices on Feb. 25. Next dealing March 4.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	73.4	78.4	+0.2	0.86
Am. T'around	67.8	72.4	+0.8	1.64
Capital Tst.	59.8	63.8	+0.4	5.22
(Accum. Units)	62.2	66.4	+0.4	5.22
Convertible & Gilt	—	50.0	.....	—
(Accum. Units)	—	50.0	.....	—
Extra Income Trust	49.4	52.8xd	.....	10.00
Income Tst.	40.4	43.2	.....	7.77
Int. Growth Fd.	61.4	65.6	+0.2	1.74
(Accum. Units)	65.8	70.2	.....	1.74

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	84.9	91.3	.....	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	61.9	66.2	-0.1	4.43
Do. Accum.	89.2	95.4	-0.1	4.43

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		120.5	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	98.3	103.4	+0.4	—
Accum. Pen. Units	148.3	156.0	+0.8	—
Flex. Inv. Growth	123.6	130.1	.....	—
Future Assd Growth	25.0(a)	54.0(b)	.....	—
Ret. Ass'd Pen.		£30.94	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$170.52	172.68	.....	1.72

Next dealing February 27.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$13.42	.....	—

Net asset value February 23.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.31	10.32xd	.....	16.02
AHR Gilt Edg. Fd.	£11.31	11.34xd	.....	13.01

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Distn. February 25 0.000438 (17.3% p.a.)

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East Intl. & Energy	135.0	140.0	.....	2.68

Dealing day Thurs.

Gov't Secs. Tst. (CI)	78.5	80.9xd	.....	15.77

Daily Dealings.

Sterling Fd.	122.1	122.2	.....	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$99.48	100.18	.....	9.48

Prices at February 19. Next sub. day February 25.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$54.16	55.84	+0.47	8.43

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	98.3	105.8	.....	4.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	41.0	43.2xd	.....	13.50
Unidollar Trust	US$13.97	14.68	.....	2.60
Unibond Trust	US$92.94	93.84	.....	10.80

1, Thomas St., Douglas, Isle of Man. 0624 4856

Unicorn Aust. Ext.	79.4	85.4xd	+1.4	1.20
Do. Aust. Min.	80.2	86.3	+1.8	1.20
Do. Grtr. Pacific	122.7	132.0	.....	—
Do. Intl. Income	30.4	32.7	.....	11.30
Do. Isle of Man Tst.	39.8	42.8xd	.....	11.70
Do. Manx Mutual	47.9	51.6xd	.....	2.10

Bishopsgate Commodity Ser. Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	93⅞	Treasury 9¾pc 1981‡‡	99¾xd	......	9.77	12.75
98½	91¼	Exch. 8¼pc 1981	98½	......	8.35	12.35
98⅝	92¼	Exch. 9¾pc 1981	98⅞	......	9.61	12.25
96½	87½	Exch. 3pc 1981	96	......	3.12	11.83
99¹¹⁄₁₆	96½	Treas. Variable '81‡‡	99¾	......	12.66	13.65
100⅝	95⅞	Exch. 12¾pc 1981‡‡	100⅛	......	12.71	12.16
97¾	88½	Treas. 8½pc '80-82‡‡	97⅛	......	8.75	11.97
95	82½	Treasury 3pc '82‡‡	94⅞	-⅛	3.16	8.63
102⅞	96⅝	Treasury 14pc '82‡‡	101⅞xd	......	13.73	12.01
98⅞	94¼	Treas. Variable '82‡‡	98½	......	12.75	13.76
95⅝	86⅛	Treasury 8¼pc '82	95⅛	-⅛	8.64	11.99
95⅞	86⅞	Exch. 9¾pc 1982	95¹¹⁄₁₆xd	-⅛	9.66	12.37
94⅞	85	Exch. 8¾pc 1983	94⅛	-⅛	9.25	12.08
89	76½	Exch. 3pc 1983	88⅞	-⅛	3.37	9.27
99¾	90⅞	Treasury 12pc 1983‡‡	99⅛xd	-⅛	12.09	12.48
96⅝	90⅝	Treas. Variable '83‡‡	96⅝	......	13.00	14.30
93⅞	84½	Treasury 9¾pc '83	93⅝	-⅛	9.87	12.41
102¼	94⅞	Exch. 13½pc '83	101⅝	-⅛	13.28	12.74
93⅞	84½	Exch. 10pc 1983	93⅝	-⅛	10.68	12.75
87	76½	Funding 5½pc '82-84‡‡	87	......	6.32	10.86
97⅛	87¼	Exch. 11¼pc 1984	96⅛	-⅛	11.68	12.77
104⅛	94½	Exchequer 14pc 1984	102⅝	-⅛	13.60	12.87
80⅝	68¾	Exch. 3pc 1984	80⅝	......	3.73	10.12
99¾	88⅞	Treasury 12pc 1984	97⅞xd	-⅛	12.26	12.76
109⅛	98	Treasury 15pc 1985	106⅞	-⅛	14.03	12.74
41	39⅛	Exch 12pc Cv '85 (£40 pd)	40⅛	-⅛	12.26	12.71
75	69	Treasury 3pc 1985	74⅞	-⅛	4.00	10.51
74½	71⅛	Do. "A"	74	-⅛	4.05	10.81
103¼	96⅛	Exch. 12¼pc 1985	97⅞	-⅛	12.51	12.84
97⅛	93½	Exch. 11¾pc '86	96⅛xd	-⅛	12.21	12.81
		Five to Fifteen Years				
20⅞	20	Treas. 12pc '86 (£20pd)●	20⅞	-⅛	12.46	13.00
90¼	79¼	Treasury 8pc '84-86‡‡	86⅞	-⅛	9.91	12.19
105⅞	91	Exch. 13¾pc 1987	102	-¼	13.15	13.06
81½	70⅞	Funding 6½pc '85-87‡‡	80¼	......	8.26	11.41
98⅞	91½	Treas. 12pc 1987	97⅛	-¼	12.74	13.34
82½	72¼	Treasury 7¾pc '85-88‡‡	79½	-⅛	9.83	12.39
65½	54⅞	Transport 3pc '78-88	65½	......	4.61	9.79
98	83	Treasury 11½pc 1989	90⅞	-⅛	12.68	13.43
92	86⅛	Do. A	91⅛	-⅛	12.79	13.58
68	58⅞	Treasury 5pc '86-89	67¼	......	7.64	13.40
104½	89⅞	Treasury 13pc 1990‡‡	99½	-⅛	13.27	13.38
82	69⅞	Treasury 8¼pc '87-90‡‡	79	-⅛	10.67	12.42
96⅞	82½	Treasury 11¾pc 1991	90½	-¼	13.20	13.82
68⅛	57½	Funding 5¾pc '87-91‡‡	66⅞	-⅛	8.94	11.91
92¼	78⅛	Exch. 11pc 1991	88⅞	-⅛	12.96	13.73
102	87⅛	Treasury 12¾pc '92‡‡	95½	......	13.52	13.77
86⅞	74⅞	Treasury 10pc 1992	80⅛	-⅛	12.50	13.56
100⅞	84¾	Exch. 12¼pc '92	91	......	13.47	13.86
103⅞	94¾	Exchequer 13½pc '92	96¼xd	-⅛	13.90	14.02
100½	85½	Treasury 12½pc '93‡‡	93¼	......	13.55	13.82
66¼	54⅞	Funding 6pc 1993‡‡	61¼xd	-⅛	9.75	12.81
107⅞	93½	Treasury 13¾pc 1993‡‡	102	-⅛	13.97	14.01
115	96⅞	Treasury 14½pc '94‡‡	102¼xd	-⅛	14.10	14.82
103⅝	96	Exchequer 13½pc 1994	101¼	-⅛	13.96	14.04
100½	85½	Exch. 12½pc 1994	91⅝	......	13.66	13.93
81¼	69⅝	Treasury 9pc '94‡‡	76¼	-⅛	12.12	13.08
97⅛	82	Treasury 12pc '95	89⅞	-⅛	13.55	13.87
50⅛	42⅞	Gas 3pc '90/95	50	......	6.11	9.69
86⅝	73⅛	Exch. 10¼pc 1995	79¼	-⅛	13.02	13.67
102½	87½	Treasury 12¾pc '95‡‡	96½	-⅛	13.73	13.88
109¼	94⅛	Treas. 14pc '96	100¼	-⅛	14.09	14.09
		Over Fifteen Years				
81½	67⅞	Treasury 9pc '92/96‡‡	72⅞xd	-⅛	12.32	13.17
118⅞	99½	Treasury 15¼pc '96‡‡	111¼	-⅛	14.33	14.20
105⅞	90⅛	Exchequer 13¼pc '96‡‡	99½	-⅛	13.34	13.93
50⅛	41¼	Redemption 3pc 1986-96	48½xd	......	6.15	9.28
105¼	89	Treasury 13¼pc '97‡‡	96⅞	......	13.86	13.94
87¼	74¼	Exchequer 10½pc 1997	80⅞	......	13.09	13.56
80	65⅞	Treasury 8¾pc 1997‡‡	71½xd	-⅛	12.29	13.04
66⅛	54¼	Treasury 6¾pc '95-98‡‡	62⅞	......	11.21	12.40
121¼	101	Treas. 15½pc '98‡‡	107½xd	......	14.26	14.15
98⅛	85⅝	Exch. 12pc 1998	90⅞	-¼	13.65	13.88
94⅝	85⅞	Do. A	92⅛	-¼	13.73	13.91
83¼	69¾	Treasury 9½pc 1999‡‡	76	-⅛	12.68	13.18
101¼	82⅞	Exch. 12¼pc 1999	88½xd	-⅛	13.75	13.94
70⅛	69¼	Do. 'B' (£70pd)●	69⅞	-⅛	13.77	13.94
83½	75⅞	Treasury 10½pc 1999	82¼	......	13.23	13.88
103¼	92¼	Treas. 13pc 2000	95¼	-⅛	13.87	13.95
110⅞	94⅞	Treas. 14pc '98-01	103⅛	-⅛	14.08	14.08
97½	81⅞	Exch. 12pc '99-02	88⅞	......	13.72	13.84
108⅞	91⅞	Treas. 13¾pc 2000-03	99½	......	13.99	14.01
97	78⅞	Treasury 11½pc '01-04	84½xd	......	13.50	13.68
42¼	34⅞	Funding 3½pc '99-04	39⅞	......	8.98	10.61
102	86⅞	Treasury 12½pc '03-05	94¼	......	13.68	13.71
72⅞	59⅞	Treasury 8pc '02-06‡‡	68⅝	......	12.22	12.52
96½	80¼	Treasury 11¾pc 03-07	87½	-⅛	13.60	13.67
92⅞	86⅞	Do. 'A'	88⅞	-¼	13.64	13.69
109	94½	Treas. 13½pc '04-08	96¼xd	-⅛	13.81	13.83
53¼	42⅞	Treasury 5½pc '08-12‡‡	47¼xd	......	11.48	11.83
70¼	57½	Treasury 7¾pc '12-15‡‡	63⅝	......	12.31	12.43
101½	85⅞	Exch. 12pc '13-'17	93⅛	......	13.25	13.25
		Undated				
34⅞	29	Consols 4pc	31⅞	-⅛	12.66	—
33¾	28⅞	War Loan 3½pc‡‡	31⅛	......	11.56	—
37¾	32¼	Conv. 3½pc '61 Aft.	35⅝xd	......	9.74	—
25⅞	21⅝	Treasury 3pc 66 Aft	24⅞	-⅛	12.67	—
22⅞	19½	Consols 2½pc	20⅞	......	12.18	—
22	17⅞	Treasury 2½pc	19⅝xd	......	12.59	—

INTERNATIONAL BANK

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
89½	78	5pc Stock '77-82	89½	......	5.59	13.06

CORPORATION LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
97¾	83⅝	Bath 11¼pc 1985	93	......	12.17	13.45
98¾	89½	Birm'ham 12¼pc 1985	97¼	......	12.79	13.17
102⅞	90	Burnley 13pc 1987	100¼	......	13.38	13.53
95¾	82¾	Cardiff 11pc 1986	94¾	......	12.08	13.28
99¾	93	G.L.C. 12½pc '82	99¾	......	12.53	12.72
99	90¾	Do. 12½pc 1983	98¾	-¼	12.66	13.13
94¾	84¾	Glasgow 9¼pc '80-82	94¾	......	9.76	12.72
77	64½	Herts 6½pc 1985-87	75	......	9.85	12.64
91½	81¼	Liverpool 9¾pc '80-84	91½	......	10.66	13.05
27	24	Do. 3½pc Irred.	26	......	13.90	—
100¾	92¼	Lon. Corp. 13¼pc '83	100¼	......	13.22	13.12
94	79¼	Do. 9¼pc '84-85	88¾	......	10.62	13.85
96¼	83½	L.C.C. 5½pc '77-81	96¼	......	5.71	12.71
80½	71	Do. 5½pc '82-84	80	......	6.88	12.97
71¼	60½	Do. 5½pc '85-87	70¼	......	7.90	12.63
71¼	60¼	Do. 6¾pc '88-90	69½	......	9.83	12.52
24	21	Do. 3pc '20 Aft.	23½	......	12.95	—
97½	87¾	Sunderland 12¼pc 1984	97¼	......	12.60	13.15

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
95	82¼	Aust. 5½pc '81-82	95	......	5.93	12.72
86¼	72½	Do. 6pc 1981-83	86¼	......	7.07	12.64
67¾	53	N.Z. 7¼pc 1988-92	66	......	11.17	13.32
82¼	72	Do. 7½pc '83-86	80	+¼	9.54	13.24
98½	88	Sth. Africa 9½pc '79-81	98½	+¼	9.95	16.57
160	95	S. Rhod. 2½pc Non-Ass.	121	......	—	—
50	31	Do. 3½pc 80-85 Assd.	48xd	+½	7.39	22.60
32	20½	Do. 4½pc 87-92 Assd.	28	+½	16.22	22.60
381	270	Zimbabwe Ann (£100pa)	363	+3	—	25.61

LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		Public Board and Ind.				
64½	56½	Agric. Mt. 5pc '59-89	63	......	8.03	12.57
84	73½	Alcan 10½pc '89-94	79	......	15.06	16.28
30	25	Met. Wtr. 3pc 'B'	29xd	......	10.33	12.55
104½	89	U.S.M.C. 9pc 1982	104	......	8.88	—
95	85½	Do. without Warnts.	95	+½	9.72	14.60
		Financial				
101½	93½	FFI 14pc '83	101½	......	13.79	13.32
91½	79½	FFI(UK Fn)5½pcDb. '80-2	89½xd	......	6.12	12.89
82½	71½	Do. 6¼pcDb. '81-84	82	......	7.80	13.10
93	80½	Do. 10¾pc Uns.Ln. '86	90	......	11.85	13.80
92½	77	Do. 11pc Uns.Ln. '88	89	......	12.56	13.45
96	82	Do. 11¾pc Uns.Ln. '90	90	......	13.29	14.10
101	84½	Do. 12¼pc Un. Ln. 1992	88½xd	......	14.12	14.60
67	56	Do. 7¼pcADeb. '89-92	63	......	11.87	14.20
66½	51½	Do. 7¼pcADeb. '91-94	59xd	......	12.28	14.10
76½	64½	Do. 9pc 'A' '91-94	69xd	......	13.04	14.20
71½	61	Do. 8¾pcLn. '92-97	65xd	......	13.65	14.40

FOREIGN BONDS & RAILS

1980-81 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	62½	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	†3.10
58	18	Chinese 4½pc 1898	25	......	—	—
45	17	Do. 5pc 1912	22	......	—	—
24	11	Do. 5pc 1913	16	......	—	—
24	11	Do. 5pc '25 Boxer	13	......	—	—
97	88¼	Denmark 13pc 2005	90¼	-¼	13	14.70
36	28½	Greek 7pc Ass.	36	......	3½	†9.90
35	31	Do. 6pc 28 Stb. Ass.	34	......	3	†8.85
34	30	Do 4pc Mixed Ass.	32	......	2	†6.30
53	51	Hung. '24 Ass.	52	......	2¼	5.58
65	50	Iceland 6½pc '83-88	64	+2	6½	14.70
89⅞	79	Ireland 7½pc '81-83	88½	......	7½	13.81
87¼	71¼	Do. 9¾pc '91-96	73½xd	......	9¾	13.53
235	185	Japan 4pc '10 Ass	185	......	—	—
79	56	Do. 6pc '83-88	76	-1	6	10.80
165	155	Peru Ass. 2007	165	......	5.22	†3.20
$94½	$77	Turin 9pc 1991	$77	......	—	†11.68
DM92½	DM90	Turin 6½pc 1984	DM90	......	—	9.45
96	96	Uruguay 3½pc	96	......	3½	3.90

AMERICANS

1980-81 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
37¼	16⅝	ASA	21⅞	-⅛	$5.00	—	10.4
34	27½	AMF 5% Conv. '87	27⅝xd	......	5%	—	18.1
25⅞	15⅛	Abbott Labs.!!	25⅞	......	$1.20	—	2.1
25¼	16½	Amax $1	17⅛	+⅛	$2.40	—	6.2
21⅛	11½	Amer. Express $0.60	19⅝	+¼	$2.00	—	4.6
18⅞	862p	Amer. Medical Intl. $1	17	-⅛	64c	—	1.7
24⅞	13⅞	Asarco Inc. !!	15⅛	-⅛	$1.55	—	4.5
22½	11⅞	Baker Intnl. Corp. $1	19¼	+⅛	40c	—	0.9
14	721p	Bankers N.Y. $10	[illegible]	[illegible]	[illegible]	—	[illegible]

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

450	280	Hongkong	410	......	21.0	♦	7.6
145	90	Idris 10p	123	......	26.0	♦	7.0
15	12½	Jantar 12½p	15	+1	1.5	♦	14.3
118	64	Kamunting SM0.50	98	+3	t088c	1.0	‡
675	150	Killinghall SM1	675xd	......	Q100c	♦	2.9
128	48½	Malay Dredging 10c.	124#	......	[illegible]	[illegible]	6.4
43	26	Pahang	40	−1	0.44	0.9	1.6
120	83	Pengkalen 10p	98	......	3.5	♦	5.1
415	290	Petaling SM1	370	......	Q180c	♦	9.4
44	18	South Crofty 10p	21	......	‡1.0	♦	‡
305	200	Sungei Besi SM1	210	......	t0480c	1.1	‡
115	22½	Supreme Corp. SM1	110	......	[illegible]	♦	2.7
125	90	Tanjong 15p	117	......	21.5	♦	1.9
115	78	Tongkah H. Tin ISm	80	......	Q23%	0.4	5.7
480	220	Tronoh SM1	385	......	t0250c	0.7	‡

Copper

260	130	Messina R0.50	295	+10	Q45c	4.7	11.0

Miscellaneous

180	78½	Anglo-Dominion	155	−5	—	—	—
97	40	Barymin	45	......	—	—	—
17	12	Burma Mines 10p	14½	+½	0.62	1.1	6.2
445	53	Colby Res. Corp.	285	−10	—	—	—
502	200	Cons. Murch. 10c.	225	+15	t030c	1.8	7.6
180	75	††Hemerdon 10c.	83	−7	—	—	—
225	36	Highwood Res.	160	−5	—	—	—
585	300	Northgate C$1	310	......	—	—	—
*486	322	R.T.Z.	420	+5	t16.0	3.2	5.4
£115	£93½	Do. 9½%Cn.Ln.'95-2000	£101½	......	Q9½%	—	f9.7
143	91	††SPO Minerals 10p	139	......	—	—	—
58	26	Sabina Inds. C$1	39	......	—	—	—
51	29	††SWCM 10p	32	−1	—	—	—
650	411	Tara Expln. $1	490	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	......	IRISH		
Bertam	11½	......	Conv. 9% '80/82	£93¾	......
Bdg'wtr. Est. 50p	550	......	Nat. 9¾% 84/89	£76¼	−⅛
Craig & Rose £1	£11¼	......	Fin. 13% 97/02	£86½	......
Fife Forge	41	......	Alliance Gas	58	......
Finlay Pkg. 5p	29	......	Arnott	251	......
Graig Ship. £1	£20½	......	Carroll (P.J.)	83	+2
Higsons Brew	72	......	Concrete Prods.	96	+3
Holt (Jos) 25p	378	......	Heiton (Hldgs.)	28	......
I.O.M. Stm. £1	163xd	+1	Ins. Corp.	390	......
Pearce (C. H.)	760	+40	Irish Ropes	40	......
Peel Mills	70	......	Jacob	40	......
Sheff. Refrshmt	93	......	T.M.G.	21	......
Sindall (Wm.)	135	......	Unidare	86	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	28	Utd. Drapery	6½
A. Brew	7	"Imps"	7	Vickers	14
BOC Intl.	9	I.C.L.	9	Woolworths	5
B.S.R.	4½	Inveresk	3		
Babcock	11	Ladbroke	24	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	28	Land Secs.	35
Boots	20	"Lots"	4	MEPC	20
Bowaters	20	London Brick	6	Peachey	8
B.A.T.	25	Lucas Inds.	20	Samuel Props.	15
Brown (J.)	6½	"Mams"	28	Town & City	2¾
Burton	10	Mrks. & Spncr	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	56
Debenhams	8	Nat. West. Bank	32	Burmah Oil	28
Distillers	17	P & O Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	25	KCA	22
Eagle Star	22	Racal Elect.	32	Premier	18
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Rank Org.	16	Tricentrol	34
Gen. Electric	50	Reed Intnl.	18	Ultramar	48
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	48	Thorn	28	Charter Cons.	28
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	16	Tube Invest.	18	Lonrho	10
Hawker Sidd.	20	Unilever	50	Rio T. Zinc	45
House of Fraser	15	U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday February 27 1981

U.S. TREASURY SECRETARY SHAKES TRANSATLANTIC HARMONY

Thatcher policies 'a failure'

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE PREDICTABLE harmony of Mrs. Thatcher's official visit to the U.S. was rudely interrupted yesterday when Mr. Donald Regan, the U.S. Secretary of the Treasury, told Congress in blunt terms that her economic policies had been far from succesful.

Before excusing himself to go and have lunch with the Prime Minister, he told a Congressional committee that Mrs. Thatcher had failed to get the money supply under control, *had not cut taxes as promised* and was still pouring out too much Government money to industry.

Mr. Reagan's reservations about Mrs. Thatcher's policies are shared by many American Conservatives who argue that President Reagan is not about to commit the same mistakes.

But the timing of his remarks and the fact that he minced few words seem likely to offend against the diplomatic niceties which normally prevail during an official visit.

"Her tax cuts were not as great as they should have been and they raised the value-added tax so that the Government is still taking 70 per cent of the income of those in higher tax brackets. That provides little incentive to get the economy started again.

"She failed in the effort to *control the foreign exchange* market and the pound is so high in value that it ruined their export trade," he went on.

He added that Mrs. Thatcher had, even if inadvertently, induced an "explosive inflationary surge" by allowing excessive pay increases to Government employees.

Failure to control the money supply, he argued, had negated such expenditure cuts as had been made.

"On the one hand they've done one thing, but on the other hand they're countervailing it." No immediate reaction was available from the British party, which otherwise was basking in the warmth of the welcome provided by President Reagan yesterday morning.

The U.S. President told Mrs. Thatcher that, in particular, he welcomed the British statement *of support for* his efforts to stem the flow of arms to the insurgents in El Salvador.

Mrs. Thatcher's busy schedule yesterday included lunch at the British Embassy with Mr. Reagan's senior economic advisers and a handful of leaders of American companies, sessions with the foreign affairs committees of both the House and Senate and a White House banquet in the evening, as well as the start of a heavy round of interviews with the American media.

Today she is to deliver a speech on international economic policy while accepting an honorary degree from Georgetown University here, visit a space facility and a genetic engineering concern and confer with both the secretaries of defence and state before entertaining the Reagans to dinner at the British *Embassy*.

Lord Carrington, the British Foreign Secretary, is to have a special session with Mr. Haig, the Secretary of State, this morning before travelling tomorrow to South Carolina for what has been billed as a *substantive speech on the European* Community.

State aid expected soon for railways

By Christian Tyler, Labour Editor

EARLY government approval for a big investment programme for the ageing railway network is expected despite ministers' political embarrassment over the rescue of the state steel industry and the financial concessions for coal forced on them by the miners.

Union leaders yesterday kept up pressure on the Government at a meeting with the secretaries for Employment, Energy, Industry and Transport.

They were told in a general review of public sector investment that decisions on the railways would be taken in the next six to eight weeks.

A sympathetic hearing for the *British Rail Board's pleas for* main-line electrification and faster replacement of rolling stock and track was already likely. But the effect of yesterday's meeting appears to have been to speed up the necessary Cabinet approval.

Fresh from his political triumph over pit closures, Mr. Joe Gormley, president of the National Union of Mineworkers, said he detected a new attitude among ministers. "There is not the sort of feeling now that you are just talking to your damn self," he said.

Mr. Gormley was speaking as chairman of the triple alliance of coal, steel and rail unions set up outside the more cumbersome TUC machinery to press demands for investment and job security from workers in the three industries.

He was accompanied by Mr. Bill Sirs of the Iron and Steel Trades Confederation and Mr. Russell Tuck, senior assistant general secretary of the National Union of Railwaymen.

Mr. James Prior, the Employment Secretary, speaking for the four Ministers, afterwards acknowledged the Government's difficulty in authorising further public spending, but said Ministers had "no prejudice against public investment."

He said: "They must realise the Government is under considerable pressure from the private sector because the private sector and Tory backbenchers legitimately feel the public sector is getting too much investment at the moment. This has come out strongly in the case of *steel*."

British Rail, with the support of its unions, is asking for an increase of £170m on its annual investment limit, bringing it to £450m for the next nine years, to maintain and replace its assets.

It also hopes for a separate *investment* programme costing up to £775m spread over 20 years for electrification.

Civil servants plan one-day strike

BY PHILIP BASSETT, LABOUR STAFF

LEADERS OF 530,000 white-collar civil servants decided yesterday to stage a national one-day strike on March 9 followed by a campaign of potentially-damaging selective stoppages.

Ministers seem ready to stand firm against the claim for pay increases of 15 per cent after their capitulation to the miners over accelerated pit closures and the last-minute rise in the offer to water workers.

The selective action, details of which have still to be announced, will be aimed at disrupting government revenue. The one-day strike, if widely supported, will have a more general effect:

- Heathrow and other major air and sea ports face severe disruption. Mr. Douglas Bush, local secretary of the Institution of Professional Civil Servants at Heathrow, which represents air traffic controllers there, said his members had voted unanimously to join the strike;
- many local job centres and employment and social security offices would be closed:
- court, tax office and foreign office work could be disrupted:
- Ministers face being without official cars, and Whitehall departments understaffed:
- the Tower of London, the Victoria and Albert and other museums face closure for the day.

Ministers believe the Government can withstand the action despite the awareness that strikes at key computer and other centres can seriously disrupt Government and business cash flow. They believe civil servants do not command popular support.

Lord Soames, Lord President of the Council, warned civil servants that they ought to "think hard and think again before taking the negative and destructive path of industrial action."

He said the present offer of 7 per cent was the "end of the road." There were many people in Britain who would be glad of a job at all, particularly one being offered a 7 per cent pay increase.

Mr. James Prior, Employment Secretary, said civil servants would have to be prepared for a "low" pay settlement.

The Council of Civil Service Unions, comprising all nine unions in the service, formally rejected the offer yesterday. For the first time all nine unions agreed to take industrial action.

Formal notice was given to the Civil Service Department of the one-day strike the day before the Budget, to be followed by selective strikes and local lightning stoppages.

In a letter to Lord Soames, the unions registered dissatisfaction with talks with CSD officials over the past few days to clarify the loosely-worded formula on future pay

Mr. Bill Kendall, CCSU secretary-general, has written to transport workers, Post Office engineers, electricians and others, asking them not to cross civil servants' picket lines.

Prison officers will not take part in the one-day strike, but will join the following local stoppages.

Details, Page 10:
Waterworkers' offer, Page 10

Indonesian contract for Thyssen

By Richard Cowper in Jakarta

THYSSEN Rheinstal Technik of West Germany and Pullman Kellogg of the U.S. have won, in principle, the contract to build a $1bn (£450m) chemicals plant in South Sumatra, for Pertamina, the Indonesian State oil company.

The general contractor will be Thyssen, and Pullmann Kellogg will provide the engineering and construction services.

The plant, to provide the raw materials for synthetic fibre, is one of seven Indonesian projects underway or in negotiation to build up petrochemical and refining industries. The country *is enjoying a strong flow of foreign* exchange from oil and liquefied natural gas exports.

Thyssen and Pullman Kellogg were awarded a letter of intent for the new plant last December, but Mr. Piet Haryono, head of Pertamina, said details of the financing *for it are not yet clear.* It is likely that a substantial part will come from West German export credits with the Indonesian Government providing the rest.

About 40 per cent of the plant's production will be used by the Indonesian textile industry and is expected to make the country self-sufficient in polyester during the second half of the 1980s. The remaining 60 per cent will be exported to Japan, South Korea and the U.S.

Construction of the plant is planned to start in mid-1982 with completion in late 1985 or early 1986.

Rome's $2bn credit may be cut

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE $2BN (£898m) Eurocredit being arranged by Bankers Trust for earthquake reconstruction work in Italy is almost certain to be halved because of poor market reception, according to international bankers.

A final decision on the fate of the credit is expected in Rome early next week. Bankers Trust will say only that it is continuing to discuss the credit with other potential lead managers on the basis of unchanged terms.

But it has become clear in the Euromarkets that the full $2bn cannot be raised on the terms agreed by the Italian Government with Bankers Trust.

This is despite a major marketing effort by the American bank, which last week met 34 international banks to drum up support for the operation. The meeting led to some additional interest in the credit but not enough to cover $2bn.

Bankers say Italy is expected to drop the $1bn portion of the credit which was to be arranged on a standby basis to cover additional costs of the earthquake reconstruction as they arose.

This will leave only a $1bn eight-year credit to be arranged on the previously agreed alternative split margin of ⅞-½ per cent over London interbank rates or ¼-⅜ *per cent over U.S.* prime rate.

These margins were the lowest ever awarded to an Italian borrower in the Euromarkets. The loan quickly ran into resistance because potential lead managers felt the margins were too unattractive to allow them to sell their underwriting commitments to smaller institutions in the market.

Last year Italy borrowed $6.5bn in the Eurocredit markets, a heavy programme which left many banks feeling saturated with Italian paper.

Continued from Page 1

CSD to gain one more MP

day to coincide with a Commons debate on the independent strategic deterrent. This, it is argued would underline the differences of opinion between the Social Democrats and the Labour leadership on defence.

Social Oemocrat leaders held a meeting at Westminster last night to discuss tactics for next week. They want to maintain the group's momentum prior to the launching of a new party with the mass resignation and other proposals over the next few weeks.

Two MPs, Mr. Tom Ellis (Wrexham) and Mr. Dick Crawshaw (Liverpool, Toxteth) have already resigned the Labour whip. Two other members of the CSD, Mr. John Roper (Farnworth) and Mr. William Rodgers (Stockton-on-Tees) have yet to meet their local general management committees to discuss their intentions.

Mr. Foot, has sent what is described as a "terse and astringent" response to Mr. Robert Maclennan who has resigned his front bench appointment as a foreign affairs spokesman and told his Caithness and Sutherland constituency that he does not intend to stand as a Labour candidate at the next election.

Mr. Foot last night announced the appointment of Mr. Giles Radice, MP for Chester-le-Street and the chairman of the Manifesto Group as foreign affairs spokesman in place of Mr. Maclennan. The move is seen as an attempt to appease right-wing members of the Parliamentary Labour Party, and persuade them to remain within the party rather than join the CSD.

The Labour Solidarity campaign, the group formed by moderate MPs to combat the influence of the Left, last night announced a programme of major meetings to coincide with Labour Party regional conferences in the coming months.

A spokesman for the group said: "We are determined to bring home to Labour Party members the need to deal with extremists in their midst at the same time to stop the nonsense of defection which can only help the Tories.

Assets reshuffle by Anglo American

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S giant Anglo American mining group—the world's biggest gold producer—last night announced a sweeping restructuring of its international investments to create a major vehicle for new foreign acquisitions.

This will be done by pumping extra finance into Mineral and Resources Corporation (Minorco), the group's Bermuda-based offshore investment arm.

The deal involves the transfer of assets worth $807m (£362m) to Minorco. These assets include:

- The group's 28.9 per cent holding in consolidated Gold Fields.
- The 35.8 per cent stake in charter consolidated.
- *The total assets of Anglo* American Corporation of Canada (AMCAN), which in turn owns 44.9 per cent of Hudson Bay Mining and Smelting. This means that the group's major London-based assets are being transformed from South Africa to Bermuda.

The plans were announced in Johannesburg yesterday by Mr. Harry Oppenheimer, chairman of both Anglo American and De Beers, the flagships of the group. He said the expanded Minorco, with net assets of some $2bn, would be an important vehicle for the group's international expansion, especially in North America.

Minorca — whose most important investments are a 27.4 per cent stake in Englehard Minerals and Chemicals, 50 per cent ownership of Amran, and Anglo American's ailing Zambian copper interests — will be 66 per cent owned by Anglo American and De Beers as *a result of the deal.*

"We want this company to be big enough and powerful enough to . . . finance itself, so that it isn't a question, when you want to do international business, of always having to export money from South Africa," Mr. Oppenheimer said.

It would be the policy of the expanded company to pay out a very small proportion of current profits in dividends, leaving it with "quite substantial sums of free cash, which would enable it to service loans," he said.

"We are hopeful that we have in this way created a piece of machinery which will enable us to do new business outside South Africa and which will allow it to be financed by Minorco itself.

"We are anxious to expand in North America," Mr. Oppenheimer added. The company would also look for new business in Latin America and *other areas, primarily in the* field of natural resources.

He denied the group had any intention of increasing its 28.9 per cent shareholding in Consolidated Goldfields beyond 30 per cent, and seeking control of the company.

The new Minorco shares would not qualify for the interim dividend of 6 cents per share declared for the six months to December 31, 1980, he said. Minorco intended to declare a final dividend for the financial year to the end of June of 16 cents per share, followed by total dividends of at least 30 cents per share for the subsequent year.

In the joint statement issued by Minorco, AAC, De Beers, and Charter, the companies argue that earnings from Minorco operations would increase from $24.7m in the year to June 1980 (27 cents per share), to $31.9m (32 cents per share) *for the* current financial year, before taking account of the proposals. The new acquisitions would increase earnings for a full financial year to $7.1m or 45 cents per share.

Details, Page 26

Weather

UK TODAY
Dry with sunny intervals, cold.

London, S., S.E., Central England, Channel Is.
Dry, *rather* cloudy, a few sunny intervals. Max. 4C (39F).

E. England
Light sleet possible. Max. 4C (39F).

S.W. England, S. Wales
Sunny intervals, rain spreading from west later. Max. 5C (41F).

Other areas
Dry, sunny intervals. Max. 5C (41F).

Outlook
Cloudy with occasional rain, *sleet or snow spreading east.* Cold.

WORLDWIDE

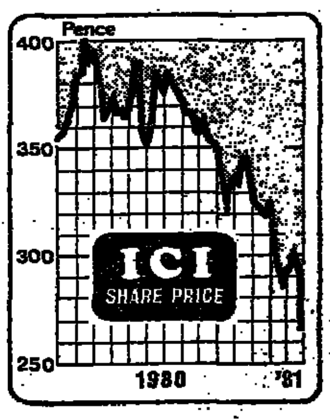
		Y'day midday °C	°F			Y'day midday °C	°F
				Lisbon	R	11	52
				Locarno	C	7	45
				London	C	2	36
				L. Ang.†	F	10	50
				Luxmbg.	S	3	37
				Luxor	S	23	73
Ajaccio	C	10	50	Madrid	C	10	50
Algiers	F	15	59	Majorca	C	13	55
Amsdm.	C	1	34	Malaga	C	14	57
Athens	C	10	50	Malta	F	12	54
Bahrain	S	22	72	M'chstr.	S	2	36
Barclna.	F	13	55	Melbne.	S	26	79
Beirut		—	—	Mex. C.†		—	—
Belfast	Sl	3	37	Miami†	S	14	57
Belgrd.	S	3	37	Milan	S	8	46
Berlin	S	4	39	Montrl†	Sn	1	34
Biarritz	F	13	55	Moscow	S	−5	23
Mmghm.	C	0	32	Munich	S	3	37
Blackpl.	S	4	39	Nairobi	F	29	84
Bordx.	F	7	45	Naples	C	8	46
Boulgn.	Fg	1	34	Nassau		—	—
Bristol	F	2	36	Nwcstl.	C	3	37
Brussels	S	4	39	N York†	R	5	41
Budpst.	S	4	39	Nice	S	12	54
Cairo	S	18	64	Nicosia		—	—
Cardiff	C	2	36	Oporto	R	11	52
Cas'b'ca	C	21	70	Oslo	C	−1	30
Cape T.	S	24	75	Paris	F	4	39
Chicg.†	C	0	32	Perth	S	25	77
Cologne	S	6	43	Prague	S	−1	30
Conhgn.	S	3	37	Reykjvk.	C	2	36
Corfu	R	7	45	Rhodes	S	12	54
Denver†	S	2	36	Rio J'o†		—	—
Dublin	R	4	39	Rome	F	12	54
Dbrvnk.	F	11	52	Salzbrg.	S	5	41
Ednbgh	F	3	37	S F'cisc†	F	7	45
Faro	C	15	59	S Moritz		—	—
Florence	S	9	48	Singapr.	C	32	90
Frankft	S	4	39	S'tiago†		—	—
Funchal	R	17	63	Stckhm.	F	−2	28
Geneva	S	3	37	Strasbg.	S	4	39
Gibraltar	C	16	61	Sydney	S	25	77
Glasgow	S	4	39	Tangier	C	18	64
G'rnsey	F	5	41	Tel Aviv	F	16	61
Helsinki	F	−3	27	Tenerife	C	16	61
H Kong	C	12	54	Tokyo	C	4	39
Innsbrk	S	2	36	T'ronto†	S	−1	30
Invrnss	S	6	43	Tunis	F	13	55
I.of.Man	C	3	37	Valencia	C	13	55
Istanbul	R	3	37	Venice	S	8	46
Jersey	F	5	41	Vienna	S	3	37
Jo'burg	T	18	64	Warsaw	S	2	36
L. Plms.	C	21	70	Zurich	C	1	34

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

ICI takes out the knife

Index fell 4.2 to 497.8



The odds on an ICI dividend cut have been steadily shortening over the last couple of months, but the event itself — the first reduction since 1938 — still carries a burden of awe. The City had half-discounted a cut without really believing it would happen, and by the close last night the shares had scuttled down 28p to 266p.

With hindsight, ICI's statement in October, at the time that it revealed a loss for the third quarter, was extremely unfortunate. It said then that it could see no sign of an upturn, but that its intention was to maintain the dividend. Some things have moved against the company since then — the sterling/DM rate in particular — but the general climate, though wretched, is little changed.

So ICI's arguments yesterday —that the recession is lasting longer than expected, that there is no volume pick-up in the UK, and that better volume in Europe has not come through to profits because of exchange rate movements—have the look of special pleading in the light of the October statement, and those who bought the shares then have reason to feel aggrieved.

That said, the purely financial grounds for a cut (and ICI is adamant that it is not cutting for "social" reasons) are very strong. On the old accounting basis, before adding back government grants, ICI has made losses two quarters running, and the prospect is for nothing better in the first half of 1981. Indeed, profits this year look likely at this stage, to be down on 1980's restated £384m pre-tax. On the new basis the 1979 figure is put at £613m.

Compared with a current cost attributable loss of £234m, struck after a packet of extraordinary items—ICI's holding in Carrington Viyella has been written down to 25p a share in addition to the more general rationalisation costs—the £30m saving on dividend payments looks modest. But it is a cash saving, not just an accounting write-off, and it will be presumably be repeated this year. If things do not get better soon, there is no guarantee that the 1980 total payment of 17p will be maintained in respect of 1981.

Against this saving has to be set the opportunity cost in terms of more difficult access to the equity market for new capital. There can be no black-and-white answer, but it is perfectly clear that the fashion has changed profoundly over the last year. ICI's decision can only accelerate the changing attitudes towards dividends in general: the message "When in doubt, cut" is being driven home to beleaguered boardrooms all over the country.

The balance sheet at ICI remains strong, with long-term debt of £1.3bn against £3bn of shareholders' funds and minorities, while even after redundancy payments there will still be a net position, and capital spending was passing its peak before the latest clamp-down. Nevertheless, great stretches of ICI's business are making serious losses, and the historic yield of 9.3 per cent is probably not enough to hold the shares, particularly since the prospective yield is still in question.

Lonrho/Fraser

House of Fraser's defence *against the 150p cash offer from* Lonrho is a spirited affair—and it needs to be, for there is a chance that the outcome could be decided within the next few days. If the Government rules against a monopolies reference (its decision is imminent) *Lonrho will be free after its extraordinary meeting on Wednesday to buy shares in the market* so long as Fraser's shares stand below the bid price. They closed last night at 148p.

The possibility of a shoot-out means that shareholders must make up their mind now about the Lonrho bid, rather than waiting till the last moment before the closing date. There is an overwhelming case for rejecting this offer.

The terms value the whole of Fraser at £226m, which compares with profits in the year just ended of £34m pre-tax and a net asset value after the revaluation of £455m. The group's return on capital is plainly too low, but the defence document lists a number of steps which Fraser is now taking to unlock the value of its property assets. It claims that a study of six of its properties with development potential indicates a surplus that could more than double their latest valuation. A planning decision is imminent on proposals to redevelop Barkers of Kensington.

All these figures are probably rather better than seemed likely towards the end of last year, when the Fraser share price spent some months in a range of roughly 130p to 140p. The yield at the bid price is 6½ per cent, and the increased dividend is just about covered by current cost earnings.

This bid would not have been taken seriously but for all the shenanigans of the last year or so. Yet the fact that Fraser has a large and boisterous shareholder is not a satisfactory reason for selling out. The Pru said last year that "where a bid is not recommended by a board of a well-managed company, our inclination is to support a company's desire to maintain its independence." Fraser's management is still on trial. But if the institutions decide to opt for the quiet life for the sake of the few pence in hand offered by this bid, they can forget any idea of being taken seriously as business proprietors.

Plessey

Plessey's profits have shown a further advance in the third quarter, bringing the nine-month pre-tax total to £60.6m, against £35.4m. Trading margins are still moving higher as volume increases and there has been a growing contribution in interest received. Orders in the two most important divisions—main exchange telecommunications and electronic systems—are now about two-fifths higher than a year ago.

So the full year outturn may be in the region of £84m, against £60.1m, and the total dividend—the interim was pushed up 10 per cent yesterday—should be well covered by current cost earnings.

The group has made up a lot of lost ground in the last 18 months or so, and the same rate of growth cannot be expected next year. Although there is plenty of work in telecommunications, for instance, the order book may now well have reached a plateau. Furthermore Plessey's performance will look more pedestrian when industrial profits in general recover. The share price rose 13p yesterday to 318p and the prospective yield is a mere 3½ per cent.

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